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HAS THE ACLU SOLD OUT?

BY CHARLES OLIVER

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WHY RAISING TAXES WON'T HELP THE DEFICIT (p. 46)

WHY CUTTING THEM MIGHT (p. 53)

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Herbert Kleber, M.D.
Deputy Drug Czar
April, 1990

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Free Minds and Free Markets

October 1990/Vol. 22, No. 5

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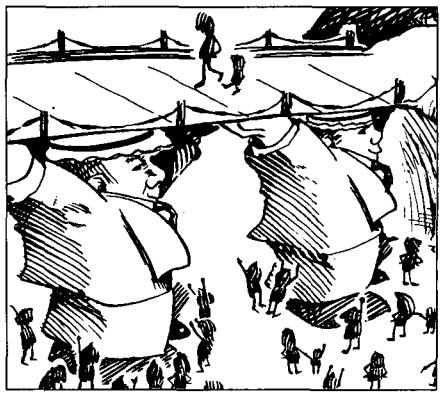

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JUDGING JUDGES

VIRGINIA I. POSTREL

The rhetorical lines were drawn as soon as Supreme Court Justice William Brennan announced his retirement: President Bush would either appoint a "moderate conservative" to fill the vacancy. Or he would choose an "ideologue" and incite a Bork-type battle in the Senate.

"We don't want to have another rigid ideologue appointed," declared Senator Paul Simon, an influential Democrat on the Judiciary Committee. The "another" might refer to Robert Bork or, just as likely, to Justice Antonin Scalia. (Brennan, too, was a rigid ideologue but not, one suspects, the sort Simon finds distasteful.)

Bush dodged the question by picking Souter the Obscure. Nobody except David Souter knows for sure whether he's an "ideologue" or a "moderate." He's a cipher. The Senate hearings that begin September 13 may give us a chance to decode Souter, but only if the senators ask the right questions—not about policy, but about philosophy.

What the Court desperately needs are justices who rule according to neutral principles, not according to whose ox is being gored. Unfortunately, that implies a consistent philosophy and a commitment to process rather than results. Neither notion is well understood by the dealmakers on Capitol Hill or by the members of the Washington press corps.

Consider Scalia. His commitment to process over results makes him the most hated of ideologues. A good decision, he acknowledges, may produce a bad result, and vice versa. But preservation of both democracy and the rule of law requires that judges subordinate their policy views to the dictates of law and precedent.

So, too, does protection of individual liberties. Take Scalia's vote (and Anthony Kennedy's) against flag-burning statutes. Or consider the Supreme Court's recent decision regarding the rights of defendants in child-molestation cases. The Court ruled 5-4 in favor of a politically popular law that allows children to testify against alleged abusers on closed-circuit television rather than actually face them in the courtroom.

In a hairsplitting opinion for the majority, Sandra Day O'Connor declared the law constitutional. "A state's interest in the physical and psychological well-being of child abuse victims may be sufficiently important to outweigh, at least in some cases, a defendant's right to face his or her accusers," she wrote. This ruling is particularly troubling given the murkiness of the evidence in many child abuse cases and the ease with which such damning accusations may be hurled, or elicited by over-zealous child psychologists.

In a typically "ideological" dissent, Scalia reminded the Court that the Sixth Amendment does not make an exception for child abuse: "For good or bad, the Sixth Amendment requires confrontation, and we are not at liberty to ignore it." Scalia's dissent in favor of civil liberties was joined by Brennan, John Paul Stevens, and Thurgood Marshall.

The same sort of "rigid ideology" surfaced recently in a decision by the D.C. Circuit Court of Appeals. Three conservative judges—Douglas Ginsburg, Laurence Silberman, and Clarence Thomas—ruled that Louis Farrakhan and George Stallings couldn't be excluded from Marion Barry's trial simply because the judge thought their presence might sway jurors. The Constitution does not make exceptions for black militants. Less "rigid" judges could undoubtedly have concocted a creative case for excluding the discomfiting pair, just as O'Connor found an exception for child abuse.

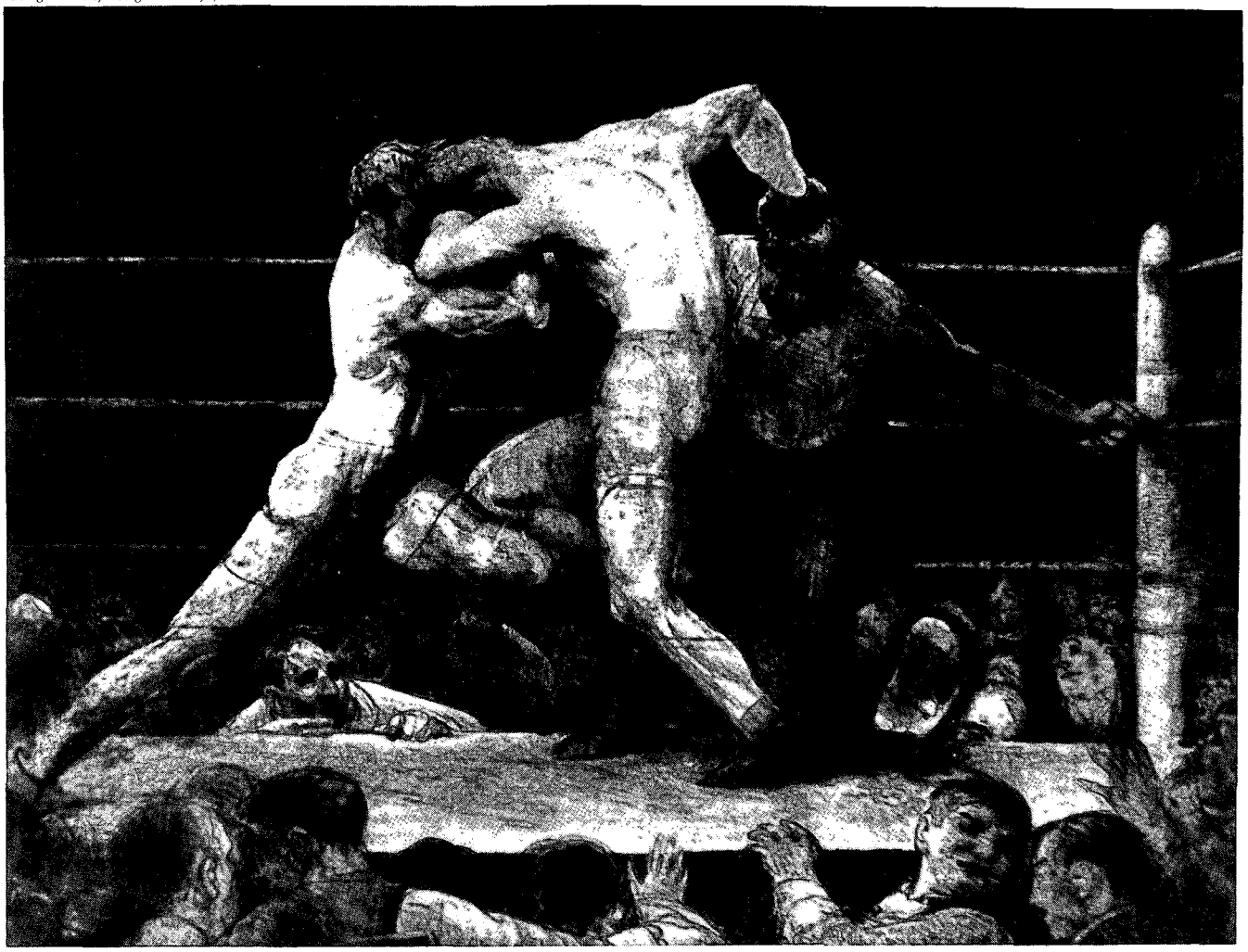
Simon and other ostensible liberals praise the "moderation" of such High Court "swing votes" as O'Connor, Stevens, and Byron White. But the frequent flip-flops of these justices on such charged issues as affirmative action illustrate the problems raised by eschewing consistency. Rather than settling issues, ad hoc jurisprudence serves only to make the law unpredictable.

The importance of judging potential judges by their commitment to neutral principles is also striking in historical perspective. If he is confirmed, Souter will be 51 when he takes his seat. He could easily serve until 2020. By then, abortion may be technologically obsolete. Judges may be called upon to determine whether the 14th Amendment's protection for "persons" applies to self-aware machines. The policy questions will be vastly different from today's. But the issues of *process*—of how judges should interpret the law and of the constitutionally defined limits of government power—will remain.

In a cynical age, the Supreme Court is the one institution in Washington that has maintained the mystique of being above dealmaking and petty politics. It listens to and considers arguments. It must give reasons for its judgments.

This mystique, as naive as it may sometimes seem, is crucial to maintaining public respect for the Court as something other than an unaccountable legislative branch. To exclude men and women of principle from the Court, in a misbegotten attempt at "balance," is to declare that it has become a collection of tyrants, appointed for life.

George Bellows, A Stag at Sharkey's, 1917.



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JACOB SULLUM

Saddam Hussein is the sort of genuine villain who can—momentarily, at least—transform George Bush into Clint Eastwood. After declaring that the occupation of Kuwait "will not stand," Bush dispatched troops and aircraft to the Persian Gulf and announced that "a line has been drawn in the sand" at the Saudi border. You tell him, George!

For the time being, most of America is sticking with that visceral response. But some observers, unswayed by the arguments for the boycott of Iraq and the deployment of forces in Saudi Arabia, refuse to root for the good guys. We should be thankful for such party poopers. In an environment of virtual unanimity at home and multilateral agreement abroad, they provoke supporters of U.S. policy to clarify the reasons for intervention.

Clearly, helping the Kuwaitis is not one of them. Although the native-born citizens of the emirate were certainly better off under the al-Sabah family than under Hussein, the United States neither would nor should risk war merely to prevent a brutal dictatorship from replacing a benign one.

Nor is the principle of sovereignty in itself an adequate justification. When Libya invades Chad, the violation of territorial integrity is barely worthy of comment, let alone sanctions or military action. Syria's occupation of Lebanon is virtually forgotten: News reports routinely refer to Hussein's adventure as the first invasion of one Arab state by another in modern times. So the indignation about Iraq's "naked aggression" has a somewhat hollow ring.

Yet it's equally simplistic, as well as dangerous, to reduce the confrontation with Iraq to a conflict over "American interests." If U.S. foreign policy is to have any moral basis at all, "interests" alone cannot justify intervention. Hussein, after all, acted in what he perceived to be Iraq's interests.

The presence of oil helps explain why the United States responded differently in the case of Kuwait than in the case of Chad or Lebanon, but it is not an all-purpose pretext for meddling. If the Persian Gulf nations had simply decided to stop selling oil to the United States, the economic threat would have been even greater than that represented by the Iraqi invasion. Yet a military response to such a development would be morally indefensible.

The owners of the oil properly decide who may purchase it and on what terms; neither Iraq nor the United States has a right to control such decisions. True, the picture is complicated by the fact that the ostensible owners may not have acquired all their property through legitimate means. Kuwait, for example, nationalized most of the country's oil production in 1974. But generally speaking, the resources and capital of the Persian Gulf states belong to their rulers, their citizens, or foreign businesses.

Hussein's invasion of Kuwait and his threats against Saudi Arabia therefore represent acts of theft and extortion. You might say that he has violated "international law," but that phrase has little meaning in the absence of an enforcement authority. It's closer to the truth to say that nations exist in a state of nature with respect to each other. As an aggressor against other nations (in addition to an oppressor of his own people), Hussein has placed himself outside the moral community. Consequently, he may rightfully be restrained by military force or punished by a blockade of oil shipments.

It does not follow, however, that the U.S. government may use its citizens' resources to do so. Aggression is a necessary but not sufficient condition for intervention. Otherwise, the United States would be rescuing every country threatened by invasion and supporting every insurgency against a dictatorship. The purpose of the U.S. government is to defend the rights of Americans, not of Kuwaitis and Saudis.

But until every state respects individual liberty, the United States must take an interest in protecting the rights of its citizens abroad as well as at home. For practical reasons, that commitment cannot be open-ended. Furthermore, those who knowingly remain in dangerous places, such as Lebanon in recent years, deserve less consideration than those, like the 3,000 Americans in Kuwait, who are taken by surprise.

In every instance where the rights of Americans are threatened, the government must weigh the costs and benefits of intervention, including the long-term impact on the security of its citizens. It must also consider the risks of failing to act. Hussein has violated the rights of Americans by kidnapping them, holding them captive, and disrupting their business arrangements. Had he invaded Saudi Arabia, he would have further restricted the freedom of Americans to travel and engage in voluntary market transactions. Whether or not his ultimate aim is to raise the price of oil, he has generated tremendous uncertainty in world markets.

Free trade is impossible without an international environment that approximates the rule of law. Because of the free-rider problem inherent in the effort to preserve that environment, the burden falls disproportionately on the United States. Some argue that if the United States did not act, Japan and the European nations would pick up the slack. It's possible, however, that they would follow similar reasoning, leaving a dangerous vacuum.

In any case, the multinational response to the Iraqi invasion demonstrates that assistance can be obtained through a combination of moral suasion and threats of nonaction. But the fact that U.S. efforts benefit other countries should not deter the government from exercising its legitimate function. Rights do not stop at the border, and neither should efforts to protect them.

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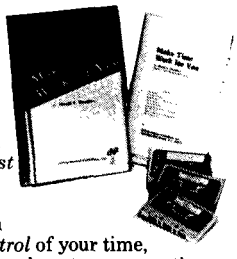

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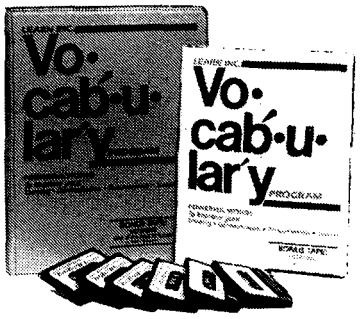

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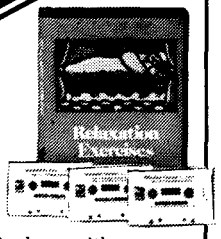

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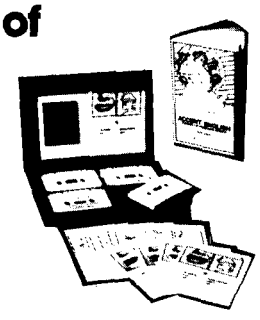

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Editorial, Advertising, and Production Offices
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Santa Monica, CA 90405
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Washington Office
P.O. Box 8093
Silver Spring, MD 20907
(301) 565-7820

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Mt. Morris, IL 61054
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Founding Editors:
Manuel S. Klausner, Tibor R. Machan,
Robert W. Poole, Jr.

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LETTERS

Call of the Wild

Many thanks for Charles Oliver's article ("Liberation Zoology," June). Not only does he counter each argument and "fact" spouted by animal-rights activists, but he also exposes some very real problems which lurk beneath the muddy waters of their rhetoric. Of course, most activists won't read his article, and even if they did, they would vehemently deny almost everything he says. Many never think through the "philosophy" of animal rights. I was once a member of the animal-rights movement, but the more I tried to explain our position on various issues, the more I became convinced that those positions were not right.

Some activists are so emotionally charged that they would avoid, supposedly, any and all medical treatment which was obtained from animal experimentation, even if it cost their lives. This is not to say, however, that every dime which goes to research is well spent; and not every consequence of animal-welfare organizations' "demands" has been negative. Like the fur farmer cited in Oliver's article, a researcher would agree that healthy animals yield better, more beneficial, and more useful results.

Lest anyone think that Oliver's exposure of the hidden agenda of animal rights activists is off-base, consider these lines from poetry by activist James Strecker, about his two dreams: "In one I love my kind," but "in the other, I/despair that he tortures what/is holy to me, so I shoot him." And lest anyone question Oliver's assertion that activists "share a strong antagonism toward economic growth and urbanization," they need only browse through a copy of any animal-rights magazine. When I first joined the movement, I was told that cosmetic testing was completely archaic and wholly unnecessary, and so the obvious question was why it was done. The answer I was given? "Capitalism." No kidding.

No reasonable person will argue that humans do not have an obligation to animals, but to maintain the belief that animals have *rights* is, ultimately, to place the "rights" of animals over those of humans. And while there is need for improvement in the treatment of animals in slaughterhouses, labs, and many other areas, still there is no rational basis for believing, as PETA's Ingrid Newkirk says, that "a rat is a pig is a dog is a boy." For myself, Oliver's article was a nice welcome back to the real world.

Natalie A. Sheppard
Chapel Hill, NC

KUDOS TO CHARLES OLIVER. The philosophy of the animal-rights movement is frightening in both its simplicity and its seductiveness. It is a particularly dangerous movement in this era of scientific illiteracy, when even the most naive challenge to science can appear credible, and even the best schools and most well-prepared teachers seem unable to interest students in the exciting challenges of research careers.

As someone who has seen the benefits of animal research over and over, and who has worked with animals in a dedicated and caring research laboratory environment, I am genuinely appalled by the ease with which this movement has hoodwinked the press and the public. Thanks to reasoned analyses such as your own and the emergence of scientists ready to speak on behalf of their profes-

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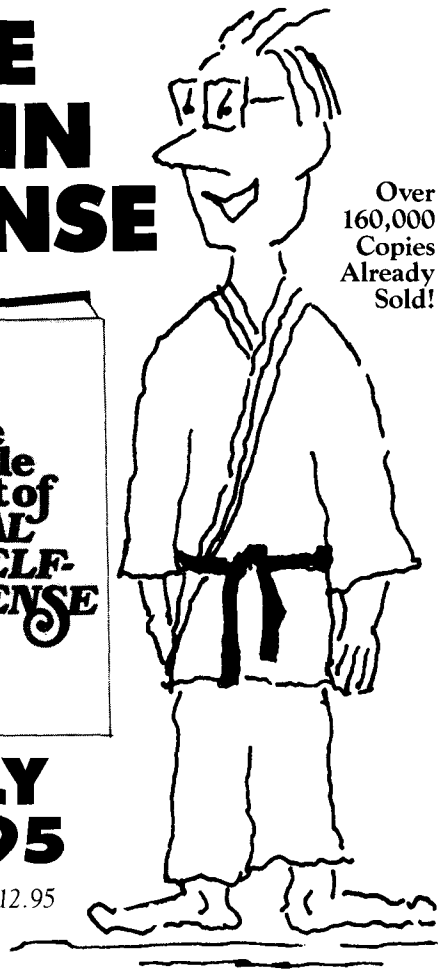
HOW TO BECOME A "BLACK BELT" IN VERBAL SELF-DEFENSE



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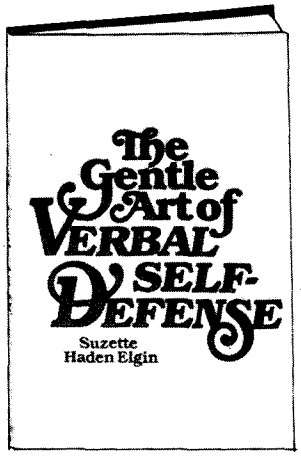

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About the Author

Psycholinguist Suzette Haden Elgin has presented her innovative self-defense principles in a variety of formats. She has given workshops and seminars all over the U.S., including verbal self-defense sessions for doctors, lawyers, and other professionals.

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sion, I hope we will halt the rush to this "utopia" where I will not eat the alligator and the alligator will not eat me.

The public needs to understand two essential facts. First, the stunning medical progress that all of us have witnessed in our lifetimes simply would not have been possible without animal research. To continue that progress—which includes prevention as well as treatment and cure—will require that scientists use the best research method at hand, whether that be human studies, computers, *in vitro* techniques, or animal models. There is absolutely no question in the mind of any legitimate scientist that animal models will be essential to the prevention, treatment, or cure of Alzheimer's disease, AIDS, and the many remaining challenges of cancer and birth defects. Second, animal research is conducted carefully and humanely. Research scientists, like other people, love animals. Indeed, they have chosen a career devoted to finding ways to understand the workings of living things so that they can hope to play a role in the palliation of both human and animal disease.

Kay Holcombe
Executive Vice President
Foundation for Biomedical Research
Washington, DC

YOUR ARTICLE ACCUSES activists of playing "loosely" with the truth to make a point and cites the case of the Silver Spring monkeys. Alex Pacheco's investigation of Edward Taub's infamous stroke experiments on the 17 animals led to the first police raid of a laboratory in the history of the United States, the first confiscation of animals from a lab, and the first arrest of an experimenter on charges of cruelty to animals.

When the police arrived at the laboratory, they found leaky bottles of medicine years past expiration, animal cages caked with feces and vomit, and monkeys who had chewed off their own fingers in frustration and pain. This scenario is graphically recorded in both the videotape Pacheco produced and the article he wrote about his experience in Edward Taub's house of horrors.

Two Maryland courts convicted Taub of cruelty to animals, but the guilty finding was later overturned on a technicality: that a federally funded experimenter need not obey state anticruelty laws. The twice-convicted man was hardly "exonerated," as your article and proponents of animal experimentation have implied.

Christine Jackson
Senior Correspondent
People for the Ethical Treatment of Animals
Washington, DC

Taub was also cleared by the U.S. Public Health Service Board of Appeals, which enforces federal animal-welfare regulations.—Eds.

CHARLES OLIVER FALSELY quoted me as saying, "Human beings have no right to the knowledge gained from experimentation on animals, even if it is done painlessly." Not only didn't I ever say that, but contrary to the impression he gives, Mr. Oliver never spoke with me.

Mr. Oliver lifted his misquote verbatim from an article which resulted in a lawsuit by an animal-rights group against the author for making false statements.

The issues animal-rights activists are concerned with involve abuse and exploitation of animals. I would never make a remark regarding somebody's "right to knowledge." (For instance, I admire what Jane Goodall has learned in her research with chimpanzees.) But a central point of the animal-rights movement is that no knowledge is being gained from redundant, irrelevant experiments on animals.

Priscilla Feral
President
Friends of Animals
Norwalk, CT

The quotation in question was taken from Katie McCabe's Washingtonian *article, which was credited several times in* REASON*'s article. The omission of credit in this case was inadvertent, and we regret any slight to Ms. McCabe or Ms. Feral.—Eds.*

CHARLES OLIVER'S ARTICLE commits the same error that he rightly accuses the most radical (and, unfortunately, most visible) animal-rights advocates of—oversimplification. Yes, animals are not humans. Having argued that, what else does Oliver say? Does he offer any practical guidelines for reform, or does he simply argue that the fanatical premises of prominent advocate organizations leave no middle ground?

Having been a financial supporter of various animal-rights groups for many years (as well as a soft and fuzzy tuna boycotter), I am increasingly frustrated with the extreme positions these groups take. Are there any groups who argue the following?: Much animal research is redundant and merely an exercise in grantsmanship.

Much testing (cosmetic and otherwise) need not be done on live animals. Tissue cultures are often more reliable indicators of toxicological responses than archaic Draize tests and L/D 50 tests. This is not to say that the latest AIDS drugs should not be tested on rhesus monkeys, as the radicals would want, but it *is* to say that medical and veterinary students can learn suturing techniques on synthetic skins just as effectively as they can on live animals which are operated on and then destroyed for no other reason.

Oliver succinctly tells us that animals are not human, that the animal world is brutish. As opposed to the human world which is, what, humane? One can hardly argue that humans are different from animals and then argue that we need behave no differently.

Mike Garcia
San Jose, CA

ALTHOUGH CHARLES OLIVER does quite a good job of dissecting the animal-rights movement, I fear he could be charged with begging the question. Mr. Oliver's distinction between human and animal societies is fine for those who recognize the distinction. But it would have no effect on those who see the planet as a big ball of life with each part having an absolute right to exist. These are the people humans need to worry about.

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For all its confusion, however, the animal-rights movement does make a salient point about ascribing rights solely by species. For example, if everyone's favorite spaceman, Mr. Spock, were to suddenly appear in our midst, as a non-homo sapien he would have no rights. We could shoot him, cook him, and eat him.

This points out that when talking about rights we should pay attention to the qualities a being possesses. Just as it is obscene to place broiler chickens and Jews on the same ethical plane, it is absurd to insist that earthworms and chimpanzees have the same moral standing.

If we borrow the concept of personhood from the abortion debate it might be possible to formulate a sliding scale of personhood for living beings. Would that create "less important" and "more important" rights? Yes, but weighing competing rights and claims is what defines civil society.

The alternative is to abandon the question of the moral standing of nonhumans to those whose distinguishing characteristic is an unyielding hatred of man.

Jeff A. Taylor
Silver Spring, MD

IF HUMANS ARE ANIMALS, then let's demand our animal rights! As cat owners know, animals have a natural right to torture small, furry creatures to death for food or for fun. Human hunger and the quest for lifesaving knowledge are reasons at least as good, and our rights can be no less.

Eric Peterson
San Francisco, CA

AS CHARLES OLIVER IMPLIES, animal activists express a shortsighted view of animal rights. However, Oliver offers no solution to the problem. In recognizing animal rights one can only conclude that man's intervention in animal's natural cycles is a denial of those rights. As PETA'S Ingrid Newkirk aptly notes, even something so simple as providing basic human shelter displaces animals, ultimately leads to their death, and therefore violates their rights. I submit the only solution for protection of animal rights is abolition of man. Perhaps some animal rightist will become a true leader in the protection of animal rights and remove him/herself as a consuming, competing entity from this planet. Performed in public, this should draw attention to the cause and possibly start a whole wave of reduced animal-rights impairment. Corpses can be humanely distributed to habitats where wild carnivores feed, thus further securing the rights of wild bunnies.

Ken Warthen
Pembroke, VA

FOR THE AVERAGE MEMBER of PETA (myself included), it is rarely the fabled choice between man and beast that your author would have readers believe. Rather, it is merely a question of eliminating the savage exploitation of animals when superior alternatives exist. Many members are uncomfortable with the quasi-intellectual ruminations of Peter Singer and Ingrid Newkirk. Instead, they see redundant, inconclusive experiments being carried out in a reckless manner. They see large cosmetics companies continuing to perform vivisection when other companies are able to safely produce quality beauty supplies without animal testing. They see men and women wearing the pelts of animals whose sole reason for existence was to nourish someone's ego.

Perhaps advocates of animal welfare are more realistic than you give them credit for. They know that humans will never give up the consumption of meat, so they focus on an unnecessary extravagance, thereby forcing society to come to terms with the most insidious form of cruelty, that which is perpetuated for the sake of vanity.

Danielle E. Turnof
Wantagh, NY

CHARLES OLIVER PAINTS an accurate and grisly portrait of the animal-rights movement. But what he fails to point out when restating the animal-rights position "that nature is good, man and technology are evil" is a simple fact that the animal-rights activists themselves fail to notice: Man, evil or not, is *part* of nature. That and nothing else is the crucial, fundamental, and blatantly missing element of all antihuman/pronature activism. Of course humanity is flawed; all of nature is. But man—above the other creatures and inanimate components of the nature that activists attempt to extol—is capable of establishing a system of ethics and laws by which to check himself and his power. That fact, and not sentience or intelligence, makes humans superior.

James J. Hartman, Jr.
Bowie, MD

CHARLES OLIVER'S EXPANSIVE essay on the animal-rights movement provides a clear and seldom-seen perspective. Nevertheless, I do feel the author downplayed an apparently contradictory argument, one which reflects the long-term vision of such radicals as Ingrid Newkirk. He says they idealize a world where "the lion will lie down with the lamb, where man will live in harmony with nature, where when two animals fight, human beings will intervene."

Now, bearing in mind the final word in that quotation, and knowing quite well what it forebodes for those who prefer freedom, let us reflect on this same person's attitude toward pet ownership—"an absolutely abysmal situation brought about by human *manipulation*" (emphasis added).

Well, which is it? Shall we manipulate? Shall we intervene? If so, when, and for what purpose? According to the laws of nature? What about the laws of man? More importantly, what about the laws Newkirk and her collaborators would impose on both man and nature?

Wayne A. Leighton
Bedford, TX

I AM ONE OF THOSE "dangerous" animal-rights activists you described. It seemed obvious that you did not do your research very well, Mr. Oliver. You have no idea how many animals are suffering at this very moment—"in the name of science." Of course—you do not care.

Indeed, you are the "dangerous" breed of our society.

I just want you to know how very much I resent your article and how very wrong you are about animal-rights activists. It's too bad there aren't more of us. We are the kind, caring, gentle members of this world. I have such respect for each of us. I have none for you or people like you. My only hope is that you do not have an animal.

Molly Parson
Phoenix, AZ

MR. OLIVER ATTACKS the more extreme positions of the animal-rights movement. The important thing to realize is that animals are not simply property like inanimate objects. They are more than just things and deserve to be treated better. I do not believe that animals have rights as humans do, but I do believe they have value as sentient beings. The animal-rights movement needs a firmer philosophical foundation, but it's closer to the truth than its enemies realize. Perhaps that is why both sides are so strident.

Paul E. Gagnon
Alexandria, VA

I FOUND CHARLES OLIVER'S article quite disturbing. No, he doesn't advocate cruelty to animals as a policy. But its existence doesn't seem to bother him very much. Can he really doubt that animals spend their lives in tiny, filthy, wire-mesh cages? Those who raise calves for market will often tell you this themselves—and thousands of pictures of this kind of thing have been published.

One of the strongest impulses of an animal is to be free to roam. Perpetual imprisonment, especially in quarters so small that the animal can hardly turn around, is surely worse than death. For my part, when I see animals caged in a pet store I want to release them all at once (and put the store owners in)—and the same with chickens, pigs, and cows on today's factory farms, a condition to which Oliver seems to be indifferent.

Oliver remarks that after convincing others that veal ranching is cruel, "the animal-rights types turned their guns on mass factory farming...." But his response to this is not to condemn the infliction of suffering involved in factory farming. Instead, he condemns the furthest-out champions of animal rights for saying "meat is murder."

Less fanatical defenders of animals do not agitate for the illegality of raising cows and chickens. We can treat them as most farmers did until a generation ago, in uncrowded conditions where they can roam or graze. And as fewer people choose to eat beef, the market for it will gradually disappear.

John Hospers
Los Angeles, CA

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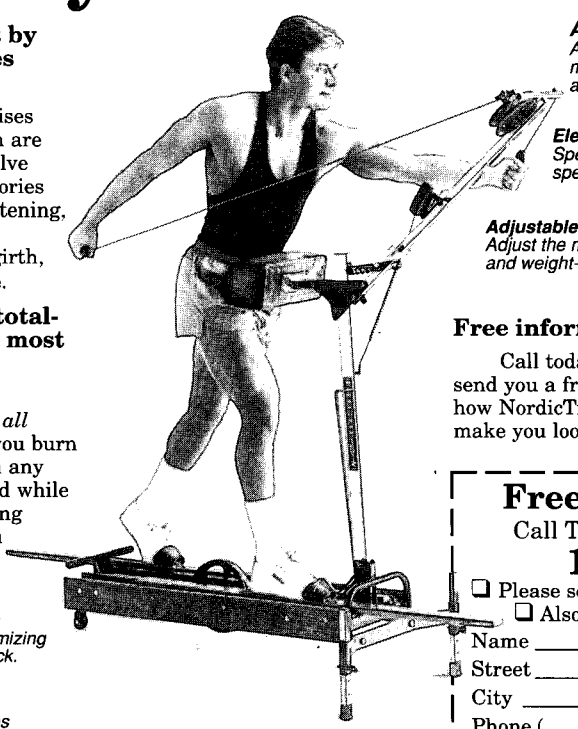

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TRENDS

You Can't Take It with You

The House and Senate are considering bills that would create a tax exemption for terminally ill patients who receive benefits from life-insurance policies before they die. These "accelerated death benefits" provide money for medical bills and living expenses.

Patients with AIDS were the first to use life-insurance policies to finance medical care. They turned to a company in Albuquerque, Living Benefits Inc., which in April 1989 began buying life insurance policies for 55 percent to 80 percent of their face value. (See Trends, Nov. 1989.)

Insurance companies soon followed Living Benefits' lead and began offering special early benefits programs. Prudential now lets policyholders collect life-insurance benefits if they have fewer than six months to live or if they have spent at least six months in a nursing home and have little chance of leaving.

Rob Worley, Jr., founder of Living Benefits, says he has already kept at least six people from losing their homes because of medical bills. Indeed, the $7.7 trillion that the Council of Life Insurance estimates is locked up in life-insurance policies could mean the difference between dying in comfort or in poverty for the nation's burgeoning elderly population.

But the legislation—proposed by Barbara B. Kennelly (D-Conn.) in the House and Bill Bradley (D-N.J.) in the Senate—does not go far enough, says Worley. The bills would allow the tax exemption only for people with fewer than 12 months to live. Worley says dying patients need the money earlier. Of the more than 70 people served by Living Benefits, only a handful have had less than a year to live.

Worley hopes Congress will include people who have one to two years left to live. Edmund F. Haislmaier, a policy analyst at the Heritage Foundation, is pushing to extend the provision to cover not only the terminally ill but all those requiring expensive medical care.

Ranit Schmelzer, Kennelly's press secretary, thinks it is unlikely Congress will vote to include any other needy groups in the legislation. Whatever the bill's ultimate form, however, all sides seem to agree that the government is finally looking to the private sector for solutions to the health-care crisis.

Haislmaier predicts that Americans will one day purchase long-term care insurance "to protect themselves in their retirement years, just as they now routinely purchase life insurance to protect their families during their working years."

—Prabhat Mehta

Zoning: Bad Habitat

As zoning laws continue to keep the dream of affordable housing just that, a dream, one usually apolitical group is calling for a change. Habitat for Humanity International says zoning laws, along with prohibitive development fees, often undermine its nonprofit efforts to build "simple, decent" housing for the nation's poor.

Founded in 1976, Habitat for Humanity has built more than 7,000 homes in 32 countries—without direct government funds. Support from former President Jimmy Carter has given the group high visibility in recent years. But Habitat has chosen to stay out of the political arena. Says Executive Director Millard Fuller: "We don't monitor housing legislation, federal or state. We don't lobby in legislative halls. We choose not to be players in political gamesmanship."

That is, until now. Impeded by housing regulations that often specify large lot sizes, multiple bedrooms and bathrooms, and minimum square footage, Habitat for Humanity is trying to get government to make exceptions for its efforts. Habitat's definition of "simple, decent" housing does not include a large yard, three or four bedrooms, and a two-car garage; its houses are often constructed with vinyl siding or a basic low-pitch roof. The goal is to move people out of shacks or off the streets.

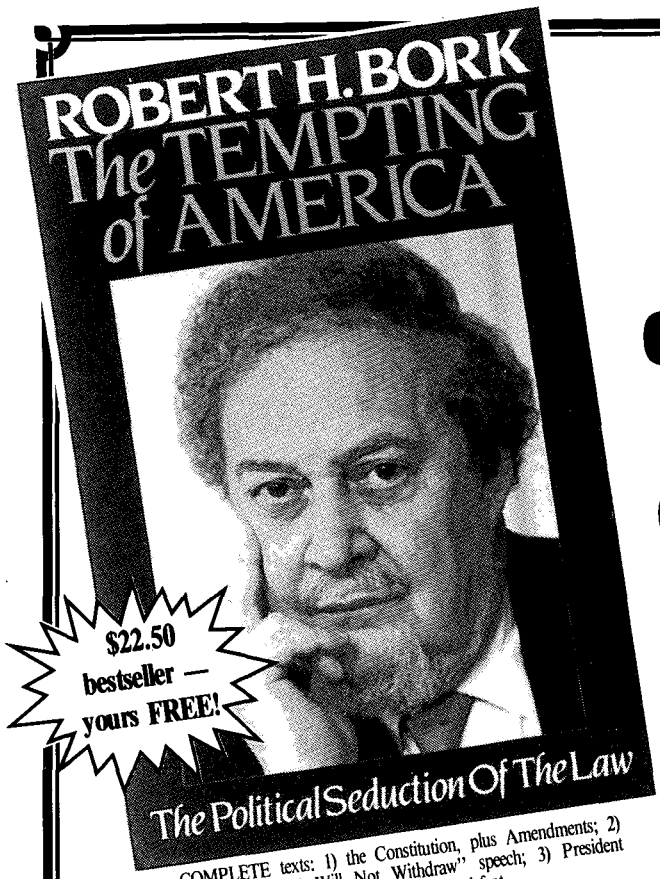
Habitat for Humanity's media director, Jim Purks, says the group hasn't come into conflict with local zoning and housing officials. But it has found itself seriously hampered by expensive, time-consuming regulations.

"Overall, once [officials] know who we are, we find cooperation," he says. But in a recent project, the group, after 10 months of negotiations, paid the city of San Diego over $100,000 in fees to build seven homes costing $58,000 to $69,000 each. Those fees added more than 20 percent to the cost of each home. In that same project, Habitat for Humanity built 100 homes across the border in Tijuana for $5,000 apiece.

Antidevelopment activists are lobbying San Diego city officials to require all new home builders to pay $26,000 in building fees, notes Jim Lantry, a member of Habitat's San Diego board of directors. Angry San Diego residents had minimum plot acreage increased to reduce the number of houses Habitat built there. With that type of hostility, America's homeless might as well move to Mexico.

—Prabhat Mehta

VICKI HESTERMAN



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BALANCE SHEET

Assets

Control Freaks. Rent control breathes its last? (See "Oceanfront Battleground," July.) A California court rules that local governments can't force landlords to pay "ransoms" when they leave the rental business. Santa Monica landlords get a vacancy decontrol initiative on the November ballot. Meanwhile, rent-control advocates promise their own partial decontrol compromise. Even in Hayden country, socialism's had a bad year.

Unlikely Allies. Brookings Institution studies praise deregulation of airlines and trucking. In the *New York Times*, Brookings's Cliff Winston endorses congestion pricing at airports and on highways. And on consecutive days, *Times* editorials read: "Re-regulate? Not on Your Life" and "Too Little Deregulation." Seriously. If someone would only clue in Congress... or George Bush.

Real People. Grammy winner and animal-rights activist k.d. lang, backed by People for the Ethical Treatment of Animals, appears in a "Meat Stinks" ad campaign. Country-music stations boycott her records until she disavows PETA. A station in Sioux Falls, S.D., uses a more novel approach—it gives filet mignon to listeners each time it plays a lang song.

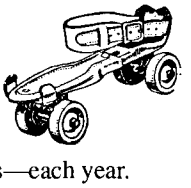
Trustbusters. The U.S. Chamber of Commerce opposes next year's 19-percent postal rate hike. Hundreds of postmasters send letters at Postal Service, er, taxpayer, expense, to the chamber's offices. The press finds out. But postal workers have more to worry about than bad publicity: The USPS will contract out 12,000 mail-sorting jobs over the next five years. The Private Express Statutes could be next.

Liabilities

Grand Old Populist. The ubiquitous Kevin Phillips is the new "conservative" darling of the left. His book *The Politics of Rich and Poor*, a thinly veiled call for class warfare, attacks his former hero Ronald Reagan for letting the rich get richer. But Phillips (whose idol this week is Richard Nixon) seems less a man of principle than a champion of outsiders. He pushed George Wallace as a Reagan running mate in 1976; now he jumps on the Dick Gephardt bandwagon.

Captain Planet. Sounding presidential, Sen. Sam Nunn finds "a new and different threat to U.S. national security—the destruction of our environment." Nunn wants to use military resources to combat planetary catastrophes. At what cost? Nunn says other industrial nations will spend 3 percent of GNP on environmental cleanup. That would be, hmmm, just about what we spend to defend Europe and Japan. There goes the peace dividend.

Strapped-in Youth. A new regulation backed by airlines, flight attendants, and Naderites would require traveling parents to purchase a ticket for each toddler and use child safety seats. The Competitive Enterprise Institute estimates this *may* save one child's life a year (the FAA says more like one child a decade) but will annually cost travelers $200 million. Many more families will drive to vacation spots, causing an additional 5 to 10 traffic deaths—and another 175 disabling injuries—each year.



Cease Hostilities. Pennsylvania enacts the nation's toughest antitakeover law. Stock prices of Keystone State companies plummet. But companies can ask for exemptions from the law; so far, 22 corporations—including H.J. Heinz, Mellon Bank, and Westinghouse—have gotten them. Says Westinghouse spokesperson James Schmitt: "A best offense against takeover was a well-run company."

—Rick Henderson

Chemical Dependency

As Congress drafts the 1990 farm bill, environmentalists seek to force drastic cuts in the agricultural use of pesticides and other chemicals. These groups claim that pesticide abuse threatens public health and that farmers can easily and profitably adopt organic practices. But an American Farm Bureau Federation study reports that prohibitions against chemical use will be much more costly than environmentalists portray.

Study director Ronald D. Knutson of Texas A&M University concludes that an outright ban on chemicals would cause annual double-digit increases in food prices, compared to rises of about 4 percent if chemical use continued. Such price hikes would cause the poorest Americans to spend 44 percent of their incomes on food; currently they spend 38 percent.

Other study findings: Because farm products would become more expensive, they would be less competitive in export markets. The drop in exports would put more than 200,000 people out of work and cost $14 billion in export sales. To maintain current harvests, more acres would go under the plow, hastening soil erosion. Higher feed costs would modestly affect cattle and pork prices but raise poultry prices by 31 percent. And farmers in the Sunbelt—where fungi, insects, and other agricultural pests find hospitable climates—would suffer more than growers in northern states.

Farmers point out that their chemical dependency has decreased. *Business Week* reports a 50-percent drop in pesticide usage since 1976. And since most farmers apply chemicals themselves and drink the nearby groundwater, they have built-in incentives to use pesticides carefully. (See "Technology, Ecology, and the American Farmer," Dec. 1989.)

Knutson and his colleagues welcome research leading to substitutes for agricultural chemicals but caution policymakers before they indiscriminately ban these products.

—Rick Henderson

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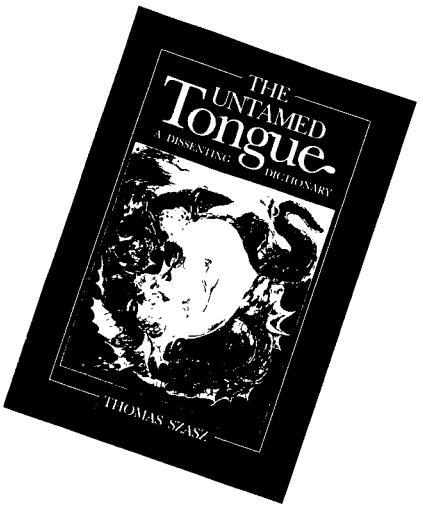

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BRICKBATS

Rep. Peter Smith (R-Vt.) informs constituents in a recent newsletter that he has "traveled to cocoa-producing countries to gain better understanding" of cocoa addiction. Unfortunately, Smith's trip came too late to save Sonny, the Cocoa Puffs bird, who died recently after being hit by a car. The bird stumbled into traffic in a cocoa-induced stupor. His last words were "I'm cuckoo for—"

When fundamentalists asked book stores in Florida to stop selling *Playboy* and *Penthouse*, the American Booksellers Association and Waldenbooks slapped them with a RICO suit. But when book stores received letters from gays asking them not to carry Michael Fumento's *The Myth of Heterosexual AIDS*, it was a different story. Book stores across the country refused to stock the book. Some even discouraged customers from ordering it. And Fumento claims that Waldenbooks refused to order a single copy until he publicly complained about their cowardice. The nation's booksellers will defend to the death their right to sell controversial material, unless it offends AIDS protesters.

At the Southern Baptist Convention, Hoyt Axton lookalike William Bennett said that America's drug problems are "a product of the Great Deceiver." First they opposed flag burning. Now they're taking on Satan himself. Who says the Bush administration can't take an unpopular stand on a controversial issue?

One of the entries in Lincoln Center's recent Serious Fun festival was the opera *Manson Family*, based on that wacky group of mass murders led by Charles Manson. The piece was originally subtitled *Helter Five-O*, as author John Moran had replaced Vincent Bugliosi, the man who prosecuted

Manson, with "Hawaii Five-O" character Steve McGarrett. But copyright problems forced him to drop the subtitle, and Steve McGarrett became Steve Pentheus. Still, Moran has created a whole new genre of opera: famous criminals meet TV personalities. The possibilities are endless. Ted Bundy rapes and kills Donna Reed. The Loeb and Leopold trial retold with Wally and the Beaver as the killers. The Brady Bunch vacation at a ski lodge run by Alferd Packer.

They are the hottest thing on California beaches. They've been commonplace in Rio and on the French Riviera for years. But thongs, those string bikinis that do little to cover the derrière, are now illegal on Florida state beaches. Lawmakers said the Sunshine State is home to many elderly people, and there have been numerous complaints about the new fashion. Geez, who can blame them? Who wants to see one of the Golden Girls in a string bikini?

In California, the Department of Motor Vehicles has ordered more than 300 drivers to return their personalized license plates or lose their registration. Acting on complaints from the Sons of Italy, the state has blacklisted all plates bearing the words *dago* and *wop*. The problem is that most people who have those plates are themselves of Italian descent and resent being told how they can refer to themselves. Several have sued the state to keep their tags. To paraphrase that famous *paisana* Juliet Capulet, an Italian by any other name still can't be pushed around.

Journalist Gar Smith asked several environmentalists for ideas on how average citizens can save the planet. As reported in the *Utne Reader*, the results are fascinating. Among the tips: restrict the number of cars, abolish the CIA, give money to every single panhandler you meet, stop using toilet paper, don't own pets, don't own anything that runs on batteries, go to jail for something you believe in, halt weapons production, raise the minimum wage, pass a maximum wage law, start a union. They left out freeing Sacco and Vanzetti.

—Charles Oliver

The Officers and Directors of
the Atlas Economic Research Foundation
are pleased to announce
the winners of the

1990 Sir Antony Fisher International Memorial Awards

1st Prize of $10,000 to the Instituto Libertad y Democracia (ILD), Lima, Peru, for *The Other Path: The Invisible Revolution in the Third World*, by Hernando de Soto

2nd Prize of $5,000 to the Cato Institute, Washington, D.C., for *The Economic Consequences of Immigration*, by Julian L. Simon

3rd Prize of $2,500 to the Pacific Research Institute for Public Policy, San Francisco, California, for *Advertising and the Market Process*, by Robert B. Ekelund, Jr., and David S. Saurman

These International Memorial Awards are funded by friends, relatives, and admirers of the late Sir Antony Fisher.

The winning entries are those which, in the opinion of the judges, have over the past two years made the greatest contributions to an understanding of the free economy. The prize money goes to the general operating funds of the independent public policy research institutes responsible for the publication of the books.

The Awards were presented to representatives of the winning institutions on May 18th at the 12th International Atlas Workshop held near Washington, D.C.

The panel of judges for the 1990 Awards consisted of John Blundell, Professor James M. Buchanan, Dr. Alejandro Chafuen, Professor Israel M. Kirzner, Henri Lepage, and Professor Antonio Martino.

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The Atlas Economic Research Foundation was established in 1981 to aid in the formation and development of independent public policy research institutes that work to enhance the understanding of a free economy. For more information write: John Blundell, President, Atlas Economic Research Foundation, 4210 Roberts Road, Fairfax, VA 22032-1028, Phone: 703-764-2606, FAX: 703-764-1577.

ARTICLE ONE
Congress shall make
no law respecting
establishment of religion,
or prohibiting the free
exercise thereof, or
abridging the freedom
of speech, or of the press,
or the right of the people
peaceably to assemble,
and to petition the
government for a redress
of grievances

The First

Shall Be Last?

What happened to the First Amendment?

BY CHARLES OLIVER

For 70 years, the First Amendment has been the American Civil Liberties Union's chief client. In case after case, ACLU lawyers have argued for absolute free speech, for a press unfettered by government restrictions, and for the strict separation of church and state. Outside the courtroom, ACLU leaders have been among the most eloquent defenders of the libertarian principles embodied in the First Amendment.

Now those principles face their strongest opposition in years. Public and politicians alike appear increasingly intolerant of free speech—whether the lyrics of The 2 Live Crew, the anti-abortion pronouncements of the Catholic church, the art of Robert Mapplethorpe, the advertisements of tobacco companies, or the posters of antigay college students. There is abroad in the land a sentiment that many, many ideas are too dangerous to be expressed and that these ideas must be shouted down or, where possible, forbidden by law. The ACLU, it would seem, has plenty of work to do—both in the courtroom and out.

The ACLU fights for racial quotas, housing on demand, abortion rights, comparable worth...

So what is the ringing battle cry of ACLU President Norman Dorsen? "We are the American Civil Liberties Union, not the American First Amendment Union."

In recent years, the ACLU has adopted an expansive definition of "civil liberties" that dilutes its absolutist commitment to free speech. The ACLU, critics say, is now more committed to goals such as comparable worth, government aid to the homeless, and nuclear disarmament than to defending the First Amendment.

In 1988, attorney Mark S. Campisano documented the shift from the ACLU's "old agenda," which he describes as "the rights of free speech, free press, free exercise of religion, freedom of assembly and association, and freedom from official acts of racism." In 1948, he reported, this agenda encompassed 94 percent of the ACLU's cases; by 1987, it accounted for only 45 percent.

Critics complain that greed and left-wing ideology have corrupted the union. The ACLU, they fear, has diluted its message, compromised its mission, and, in some instances, abandoned its commitment to the First Amendment.

"America needs a civil liberties union," says Harvard law professor Alan Dershowitz, a 25-year member of the ACLU who once sat on the group's national board of directors. "It no longer has one."

Dershowitz notes that the ACLU didn't get involved in one of the most important pornography cases in years: *Osborne* v. *Ohio*, which involved a sweeping Ohio statute aimed at child pornography. This spring, the Supreme Court upheld the law, in the process greatly extending the states' ability to ban pornography. Civil libertarians blasted the decision for enunciating a new theory of censorship—a theory that says that the government can ban possession of child pornography not because the material itself generates crime but because allowing people to own it creates a market for material that grows out of crime.

"And the ACLU wasn't in that case at all," says Dershowitz. "And yet, it's in every abortion case, and it's in every feminist case, and it's in every fetal rights case, and it's in every racial case defending the most extreme forms of quotas and affirmative action."

The ACLU has also taken heat from libertarians for some of the cases that it *does* take. Perhaps the most famous example began over a decade ago, when teenage immigrant Walter Palovchak decided that he did not want to return to the Soviet Union with his parents. The ACLU went to court on behalf of his family to force Walter to return to Russia.

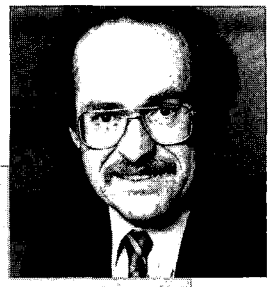
"It still strikes me as strange," says Palovchak's attorney, Henry Mark Holzer. "The ACLU has a children's rights project. Their attorneys argue that teenage girls are competent to have an abortion without parental consent, but a teenage boy can't choose the United States over a totalitarian state. The only answer that makes sense is that their decisions aren't based on civil liberties but liberal politics. The ACLU likes abortion, and it likes the Soviet Union."

More recently, the ACLU actually sued an editor over the contents of his newsletter. In 1984, the ACLU's Southern California affiliate won a $1.8 million settlement against the Los Angeles Police Department. The ACLU had sued the police

department on behalf of 144 left-wing organizations and individuals who complained that they had been the targets of illegal surveillance.

But the litigation didn't stop there. Some of the information in the files had allegedly been funneled to the conservative Western Goals foundation and printed in the foundation's newsletter. Shortly after settling with the police, the ACLU sued Western Goals; John Rees, the editor of the newsletter; and the estate of Western Goals' chairman, Rep. Larry McDonald, (D-Ga.). "It's not the business of law enforcement to furnish information to individuals, even reporters," said Southern California ACLU attorney Mark D. Rosenbaum, according to the *Wall Street Journal.*

"I can understand why the ACLU was concerned about the police keeping records on people who aren't connected with any crime. I can understand the suit against the LAPD," says Rees's attorney, Manuel Klausner (who is a trustee of the Reason Foundation). "But under what interpretation of the First Amendment could they sue the journalist? The ACLU took the position that Rees and other journalists don't even have the right to receive a newspaper clipping or other article in the public domain from the police. The implications of this position would undermine the ability of journalists to use the police as sources. In my judgment, we were defending the First Amendment against the ACLU." (Western Goals' insurance company eventually forced the organization to settle out of court.)



"I still make my contribution because the ACLU still does some good," says Harvard law professor Alan Dershowitz. "But if things don't change ...it could become an enemy of free speech."

No issue more clearly demonstrates the new thinking within the ACLU than the group's reaction, or differing reactions, to recent attempts by some universities to ban sexually or racially insensitive speech on their campuses.

Last year, the Michigan affiliate of the ACLU brought the first lawsuit against one of these college codes. A federal district judge overturned the University of Michigan's speech restrictions on First Amendment grounds. The ACLU has now taken more than 20 cases across the country challenging student conduct codes that prohibit offensive speech.

But two of the ACLU's largest affiliates aren't so sure about such challenges. In September 1989, the University of California revised its student conduct code to ban racial or sexual epithets on the university's nine campuses. The Northern and Southern California affiliates—which account for more than one-fifth of the ACLU's total membership—didn't challenge the code.

Instead, they endorsed a policy that recognizes that colleges can prohibit speech that creates "a hostile and intimidating environment which the speaker knows or reasonably should know will seriously and directly impede the educational opportunities of the individual or individuals to whom it is directly addressed."

Campus speech codes divided the Massachusetts affiliate for months. *Village Voice* writer Nat Hentoff reports that the debate was heated. One proponent of speech codes "accused some of his opponents of giving free rein to white racists," writes Hentoff. "He claimed the real issue is not speech, but white power." Another advocate of speech codes "wondered whether the position of the First Amendment absolutists 'has something to do with who the victims of this kind of speech are.' "

Finally, this summer the board approved 16-14 a policy that called for colleges "to minimize and eliminate attitudes and practices that create a hostile educational environment, but these measures must not include rules which prohibit and punish speech on the basis of its content." It was not exactly a resounding victory for free speech.

Because of the differing policies adopted by affiliates, the national board has appointed a committee to study the issue and decide on how to deal with campus speech codes. "I think the fact that they even appointed this committee forces one to question whether the national board is as committed to the First Amendment as it used to be," says Hentoff.

Advocates of speech codes see the issue as a conflict between equality, embodied in the 14th Amendment's Equal Protection Clause, and liberty, protected by the First Amendment. The ACLU, they say, should defend the entire Constitution, including their interpretation of the 14th Amendment.

"Properly framed, there is generally no conflict between equality and free speech," says ACLU National Legal Director john powell, who spells his name without capital letters. But certain types of speech may create an atmosphere that makes minority students feel unwelcome on campuses and keeps them from exercising their freedom. When that happens, he says, minorities have been denied the equal protection promised by the 14th Amendment. Restricting offensive speech guarantees minorities and women equal protection.

"It's not simply a First Amendment issue; it's an equality issue," says powell. "Sometimes we get confused and say that if something is a verbal utterance, then it's protected, but that's not what the First Amendment is about." Since "verbal utterance" is pretty much the dictionary definition of *speech*, the ACLU's national legal director is in the curious position of

interpreting the First Amendment out of existence.

Others argue that a commitment to expansive free speech has always been *the* core principle of the ACLU and that there is no legitimate reason to abandon that commitment. "The ACLU's position has been, and should be, that speech should be met by more speech. Students should speak out against racism on campus, meet the arguments of racists with their own arguments," says Hentoff. "But that takes time, effort, and initiative. I guess that it seems much easier to erect these codes."

For the moment, Hentoff's view still holds sway. At the ACLU's 1989 national conference, delegates defeated a resolution recognizing that speech "can be regulated in the interest of protecting the fundamental rights of equal opportunity guaranteed by the Fourteenth Amendment."

But the delegates did approve 130-60 a resolution that the ACLU "should undertake educational activities to counter incidents of racist, sexist, anti-semitic and homophobic behavior (including speech) on school campuses."

"Next we'll be required to give presentations on the evils of pornography when we defend sexually explicit material," says Mark Lambert, former legislative director of the Iowa Civil Liberties Union.

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After defending the right of neo-Nazis to march in Skokie, the ACLU lost a fifth of its members.

"I think the changes started when the ACLU got involved in the civil rights movement," says Lambert. "That opened the door for all of these other issues that have nothing to do with the First Amendment. Today, when someone says that homelessness or comparable worth is not a civil liberties issue, the common retort is 'Well, 30 years ago some people didn't think civil rights was a civil liberties issue.' Well, maybe it wasn't."

Civil liberties have usually been conceived as freedom from government coercion, including government-enforced segregation. But once Jim Crow laws began to fall, civil rights leaders started to demand government coercion—from anti-discrimination statutes to racial quotas—to ensure racial equality. That quickly created tensions between the ACLU's commitment to civil liberties and its involvement in civil rights. And in nearly every debate, civil liberties lost.

In 1960, for example, the ACLU's national board opposed the inclusion of questions about race, color, or national origin on the nation's census forms. But once Congress passed the 1964 Civil Rights Act, the board changed its mind. Census data, it held, provide the basis for programs "to combat discrimination in education, employment, and housing." At first, the ACLU supported only voluntary answers to questions about race; now it says the census may make such questions mandatory. The group does, however, request that the government store the racial information apart from the personal items.

To further racial integration, the ACLU even supports bans on certain kinds of speech. In response to white flight, many cities have passed "antiblockbusting statutes" aimed at real estate agents who try to get white homeowners to sell out by telling them that the neighborhood is "going black." Ironically, these "civil rights" protections actually harm blacks who would like to enter these neighborhoods.

They also, of course, restrict free speech. But in 1972, the ACLU adopted a policy, still in its manual, supporting "anti-blockbusting statutes which prohibit false or deceptive statements concerning changes in the racial, religious, or national origin character of a neighborhood and/or the effect of those changes." Although the ACLU does limit its support to laws against "false or deceptive" statements, "deceptive" is in the eye of the beholder, and an absolutist position on the First Amendment should lead one to oppose any such laws.

In *The Politics of the American Civil Liberties Union* William Donohue reports that in 1975 the national board considered amending the housing policy to explicitly oppose any attempts to combat discrimination by means that are "offensive to the constitutional guarantee of free speech." This amendment was defeated when someone pointed out that it "would rescind, in effect, the board policy on antiblockbusting ordinances."

Perhaps the most important result of the ACLU's plunge into civil rights was the change in its attitude toward quotas. Throughout the 1940s and 1950s the group opposed racial quotas. In the 1970s the ACLU reversed its stand and came out in favor of quotas. In fact, in 1977, it adopted its own quota system.

Under this policy, the ACLU's national board must be 50 percent female and 20 percent minorities. Thirteen years after adopting the policy, however, the ACLU—which frequently goes to court to force such systems on other employers—hasn't filled its quotas. According to minutes of the ACLU executive committee's March 10, 1990 meeting, this failure is of great concern to committee members and ACLU staff:

"Several [Executive] Committee members pointed out that there are no Asian Americans or Arab Americans on the Board....We let affiliates send us non-minorities over and over without requiring any serious affirmative action by them, and

then we try to make it up with the at-large members. But this is inefficient because at-large members represent only 30 of 83 members and also because it has allowed us to ignore the responsibility of affiliates in this matter."

The committee went on to consider two nominations to fill a vacant slot: a black male, political science professor who had worked hard to gain affiliate status for the San Diego ACLU and an Indian (Asian-American) woman who is executive director of the National Gay and Lesbian Task Force. While members praised the work of both nominees, the minutes indicate that debate soon centered on crude gender and ethnic generalizations:

"Paul Meyer said that in light of her record, the need for women, and the lack of Asian Americans on the Board, [the woman] should be submitted to the Board as the sole recommendation. Gwen Thomas disagreed, saying that because Indians are not a sufficiently numerous minority in the country and have not been commensurate victims of discrimination, we should not be as concerned with their representation on the Board." Committee members proceeded to add a black woman and two white women to the list of possible nominees. They considered and rejected a motion to limit the search to women. Finally, they voted to nominate the original two suggestions and "a white woman who is an important feminist and First Amendment lawyer."

The ACLU failed to defend the rights of anti-abortion protesters (below) and sought to force Walter Palovchak (right) to return to the Soviet Union.

Some believe that racial and gender quotas changed dramatically the nature of the boards and the nature of the ACLU. "Election to the board used to be based on one's dedication to civil liberties. Members were elected because they had demonstrated an effective commitment to free speech and separation of church and state," says Dershowitz. "But affirmative action changed all that. Some people were elected *because* they were women and *because* they were minorities. And they were told that they were there to represent women and minorities. Inevitably they formed caucuses for women's rights and minority rights within the ACLU....What the ACLU needs now is a civil liberties caucus." (ACLU President Norman Dorsen, who has presided over national board meetings for the last 14 years, responds, "I don't think our minority and women members are any less committed to free speech than others on the board.")

While quotas may have speeded up the changes taking place within the ACLU, there is a more basic explanation for what has happened to the organization over the last two decades: self-interest, even greed.

The central goal of business is to increase profit. For the ACLU, the equivalent goal is to get more dues-paying members. One way to do this is outreach programs into new markets. Hence, the ACLU's adoption of quotas may be seen as a way to expand its customer base.

Offering a more diverse selection of products will also attract new customers. If some people don't like Big Macs, McDonald's tries to get them to buy Chicken McNuggets. If some people aren't interested in the First Amendment, the ACLU offers civil rights or comparable worth.

In the last 25 years, the ACLU's membership has skyrocketed from around 70,000 to almost 300,000. But many longtime members worry that recent recruits are mainly interested in the group's liberal politics, rather than civil liberties. "They were advertising for members. *Period.* They weren't trying to get members who were necessarily committed to civil liberties," says Hentoff.

Former Iowa legislative director Lambert argues that the ACLU's stands on economic issues turn off promarket libertarians and conservatives who would support First Amendment rights. "To recruit new members," he complains, "the ACLU buys the mailing lists of other liberal groups. They have more and more people joining who are just liberals, not civil libertarians. You have to worry that someday there'll be no one there whose top commitment is the First Amendment." A spokeswoman for the national office says that the ACLU rents the lists of "like-minded" groups. When pressed for examples, she cites Greenpeace and Amnesty International.

The danger of this strategy was exposed in Skokie, Illinois. In 1977, the ACLU defended the rights of Nazis to march through this predominately Jewish suburb. Although some civil libertarians regard this as the ACLU's finest moment, many of its members disagreed. Because of Skokie, the ACLU, which had been steadily gaining members during the 1970s, lost over one-fifth of its national members. The resulting financial crisis almost destroyed the group.

The message to the ACLU was clear: Liberals are not necessarily First Amendment absolutists. Some of the ACLU's products repel some of its potential customers and must be repackaged. The result, some hold, is that the group compromises its commitment to the First Amendment.

Lambert sums up the new philosophy of the ACLU: "Let's

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do whatever will raise the maximum amount of money to support the organization and ignore any loss in philosophical integrity. Some liberals don't like the fact that we defend racist speech. Fine, develop a new policy that says we must balance the First and 14th Amendments."

"The ACLU has become too crassly commercial," concurs Dershowitz. "It's too concerned about its pocketbook. The national board in particular is too worried about whether a stand will help or hurt membership and fund raising. It's increasingly afraid to take stands that are unpopular with its constituents." President Dorsen and other board members deny that financial considerations affect policy decisions.

Still, the First Amendment is not the group's number-one priority anymore. Asked to name the most important issue for the ACLU today, powell—whose office most closely tracks the cases taken by the group—first cites abortion, followed by civil rights. (The *New York Times* reports that the group litigates 80 percent of the abortion cases in the country.) He lists the First Amendment third. The national board members interviewed for this article emphasized the same issues but didn't imply any order of priority.

Abortion may indeed be a civil liberties issue, but it seems strange to make it the ACLU's top priority. After all, Planned Parenthood, NOW, and the National Abortion Rights Action League ably fight for abortion rights. Only the ACLU speaks for the First Amendment. But defending abortion rights may seem like a much more lucrative venture than defending the speech rights of Nazis. Or of anti-abortion protesters.

Village Voice writer Nat Hentoff says a commitment to civil liberties is no longer a necessary condition for ACLU membership: "They were advertising for members. Period."

refrain from objecting when the likely consequence of pressure group activities would be...to restrict a free and diverse marketplace of ideas."

This exception leaves some civil libertarians puzzled. "Isn't the purpose of every protest to restrict certain ideas?" asks Hentoff.

In practice, it seems that right-wing protests are the ones that the ACLU finds restrictive. Consider the conflicting signals the ACLU has sent in its handling of a racketeering suit filed in Florida against the American Family Association. The AFA's Florida chapter threatened to boycott bookstores that wouldn't remove *Playboy* and *Penthouse* from their stands and to ask prosecutors to consider legal action against such stores. In response, the American Booksellers Association, *Playboy*, and Waldenbooks filed a civil RICO suit against the AFA, alleging extortion.

Florida Civil Liberties Union Executive Director Robyn Blumner has announced that she will file a friend-of-the-court brief on behalf of the AFA. "We are opposed to the use of RICO to suppress protests," she says. But some reports indicate that the national office doesn't support her stand. Asked if her position has the approval of the national office, Blumner says only, "This is a local matter, and it is not their decision to make." So she has national cooperation? "It isn't their decision."

REASON tried numerous times over a three-month period to interview ACLU Executive Director Ira Glasser. We were always promised that he would try to work us into his schedule. When asked if Glasser or the national office had taken a stand on the AFA case, a spokeswoman promised to look into the matter and call back. That never happened.

The federal Racketeer Influenced and Corrupt Organizations law represents one of the most potent, and potentially abusive, weapons for silencing dissent. In 1970 the ACLU opposed the passage of RICO, and the group recently urged Congress to reform the law because of its chilling effect on free speech.

But three years ago the Pennsylvania affiliate chose not to speak out against the use of RICO against abortion protesters in Philadelphia. Nat Hentoff asked why. "The legislative director, Stefan Presser, told me that the board of directors had decided on silence," he wrote, " 'I'm not saying,' Presser said, 'that the debate was not influenced by who the parties were.' "

In principle, the ACLU officially opposes certain private protests. "Defending the right of all to advance their points of view by whatever nonviolent methods they may choose," says the ACLU policy guide, "does not mean that the ACLU should

As the ACLU seems to be backing away from its traditional commitments, it has bestowed the title of "civil liberties" on a host of left-wing policy prescriptions. No longer content to defend homeless persons against police harassment, imprisonment under vagrancy laws, or being confined to a mental institution, many in the ACLU demand taxpayer-provided housing as a constitutional right.

Led by the California affiliates, the campaign for a "right to housing" has encountered some opposition within the ACLU. "There's nothing mentioned in the Constitution about a right to housing," says Florida's Blumner. "If we start demanding that government provide housing, what's next? A right to health care? A job?"

Well, yes, say some activists. People have a right, not merely to housing, but to some subsistence level of income. And if they can't achieve that income on their own, taxpayers must be

compelled to provide it.

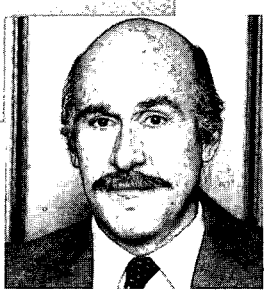
In a debate at the 1989 national convention, law professor Peter Edelman argued, "People who lack a subsistence income lack effective political liberty....It is undeniable that people who are deeply worried about how they will pay next month's rent or buy food for the last week or two of the month are unlikely to vote, let alone participate in more active forms of political advocacy about their situation." Of course, this argument confuses political participation with political liberty, but such fine distinctions would inconvenience Edelman's redistributive agenda.

Edelman continued, "So when I talk about subsistence income in a policy sense, I am talking about multiple policies that include employment, wage supplementation, education, health care, housing, and child care as well as cash payments of various kinds."

His opponent, national board member Martin Margulies, countered that there is nothing in the Constitution that guarantees a subsistence income to anyone. He says that advocating Edelman's "multiple policies" would violate the ACLU's own constitution, which prohibits the group from engaging in partisan politics. If the ACLU backs specific economic policies, Margulies worries, then it becomes a group of "social activists rather than principled civil libertarians." Perhaps because of Margulies's arguments, the 1989 convention was the first in almost 20 years that didn't pass a resolution endorsing the concept of "economic rights."

But three months later, the national office endorsed the Housing Now! march on Washington, D.C. Its press release declared that as long as any American gets a rent subsidy or capital-gains tax break, equal protection requires the government to provide "permanent housing, not simply temporary shelter" for the homeless.

ACLU Executive Director Ira Glasser argues that freedom of speech requires government coercion to provide an audience: "If speech is inaudible, what matters that it is free?"



The ACLU has also used the banner of civil liberties to intrude in private employer/employee relationships. It has established a National Taskforce on Civil Liberties in the Work Place. Implicit in each item on the task force's agenda is the notion of a "right to a job."

Perhaps the most controversial, and revealing, item on the agenda is the push to abolish employment at will. Currently, an employer can, except under certain specified circumstances, legally fire an employee at any time, just as the worker can quit. Task force Director Lew Maltby says the ACLU wants to abolish the at-will doctrine and replace it with a new rule "that employees have a right to keep their job" unless the employer can demonstrate that their performance was deficient.

Of course, each person has a different idea of what constitutes deficiency. This radical shift in the burden of proof could turn every termination into a procedural nightmare. Maltby wants to apply the deficiency standard very narrowly. He grants that "certain infractions, such as assaulting coworkers" are serious enough to warrant firing on the first offense. But for others, "such as lateness and absenteeism," he argues that "the behavior must continue in the face of warnings before a discharge is just." Why Maltby thinks a person has this sort of right to a job—and not, for example, a right to a girlfriend—is problematic.

Since freedom of contract has been all but written out of the Constitution, civil libertarians who object to the ACLU's workplace policies have suggested that using government power to force employers to retain workers erodes freedom of association. In response, Maltby argues that managers in large organizations should enjoy no such freedom: "Within the context of a small business, where everyone knows each other and works together on an intimate basis, this is a legitimate position. Attorneys and other professionals certainly have the right to choose (and change) their partners freely. This model, however, bears little resemblance to a typical American corporation....To maintain that management has a free association right to terminate these people is simply not defensible."

The ACLU's workplace policies assume there is no essential difference between government and a corporation, between political power and economic power. Glasser writes in *Liberty at Work* that some companies have powers that "rival, and in some cases exceed, government power." So the ACLU wants government to assume new powers, to force employers to behave in approved ways.

"Government has a duty to ensure access to public institutions," says john powell. "And business by its nature in our society is a public concern....When a company starts having an impact on people's lives, then we say that civil rights principles should be applied." So, for instance, an employee dismissed by a large corporation is entitled to the same due process protections as a person accused of a crime.

Some in the ACLU would go even further. In the 1984 book *Our Endangered Rights: The ACLU Report on Civil Liberties Today,* law professor Sylvia Law argues that "property rights are not natural, immutable, or inherent, but only grant such power as the courts and legislatures choose to recognize. Property, whether in the form of land, wages, welfare, or a license to practice law, is what society defines it to be." Of course, the same could be said of equal protection, freedom of speech, and

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other civil liberties. The Constitution was supposed to enshrine the "natural" definition of these rights, not the most popular or most convenient definition.

ACLU leaders realize that such views are not those of the framers of the Constitution. Indeed, Glasser has noted, with seeming regret, that the Bill of Rights does not apply to the private sector. He brushes off this unpleasant historical fact by saying that the Framers could not have foreseen the enormous power modern corporations have.

But this is really a straw man. Being fired has always been a traumatic, perhaps financially devastating, experience; the Constitution's Framers must have known that. If they had really wanted safeguards against arbitrary dismissals, they could have written them into the Constitution. Contrary to Glasser, this was not an oversight.

The men who drafted the Constitution realized something that the ACLU does not. Government is a unique creature—it holds a monopoly on physical force. It is fear of this coercive power that caused the framers to put explicit limits on it in the Constitution.

In the classical-liberal tradition, liberty meant one thing: freedom from physical coercion. No matter how the ACLU frames it, the relationship between an employer and an employee is a voluntary one. If someone doesn't want to take a drug test, she can quit. (When this was pointed out to Robyn Blumner, she replied. "Well, if you don't want to take a government drug test you can move to Canada." No, Ms. Blumner, I can go to jail.)

Indeed, the Framers believed that a private sphere was necessary to exercise one's freedoms. That is why they wrote protections for property into the Constitution. But because the ACLU does not distinguish between economic power and physical force, it ends up calling for more government involvement—more coercion—to restrict the power, or freedom, of business managers and owners.

And it isn't just economic liberties that this view endangers. Three years ago, the ACLU joined a suit to overturn a federal law that allows religious groups engaged in nonprofit activities to restrict their hiring to members of their own faith. Apparently, religious freedom goes out the window when economic "rights" are at stake.

Law seems to speak for many ACLU members when she writes, "Civil libertarian values cannot be realized by focusing exclusively upon the real threat of abusive government power." But there was a time when focusing on the threat of abusive government was the ACLU's *raison d'être.*

The ACLU's views on the distinction between the public and private sectors, or the lack of such a distinction, warp its policies on free speech. For example, the group actively tries to force private malls to grant access to speakers and petitioners.

Even Martin Margulies, the opponent of economic rights, opposes the right of malls to reject speakers. He told delegates at last year's national convention, "Freedom of speech is useless unless the speaker has access to an audience—and the audiences today are at the malls, not in the publicly owned urban downtowns and village greens of old." This is, he admits, a break with the traditional liberal view that free speech means only freedom from government restrictions. (Catholic churches are full of potential audiences. Why not force them to accept speakers for abortion rights?)

In fact, the ACLU's position is tantamount to a requirement for *listening*. The traditional notion of free speech assumes that in the absence of government coercion speakers will create their own platforms and find their own audience. As anyone who has ventured through a government-owned airport can attest, the mall owner is most likely acting as the agent of the customers, who don't want to be bothered by LaRouchies.

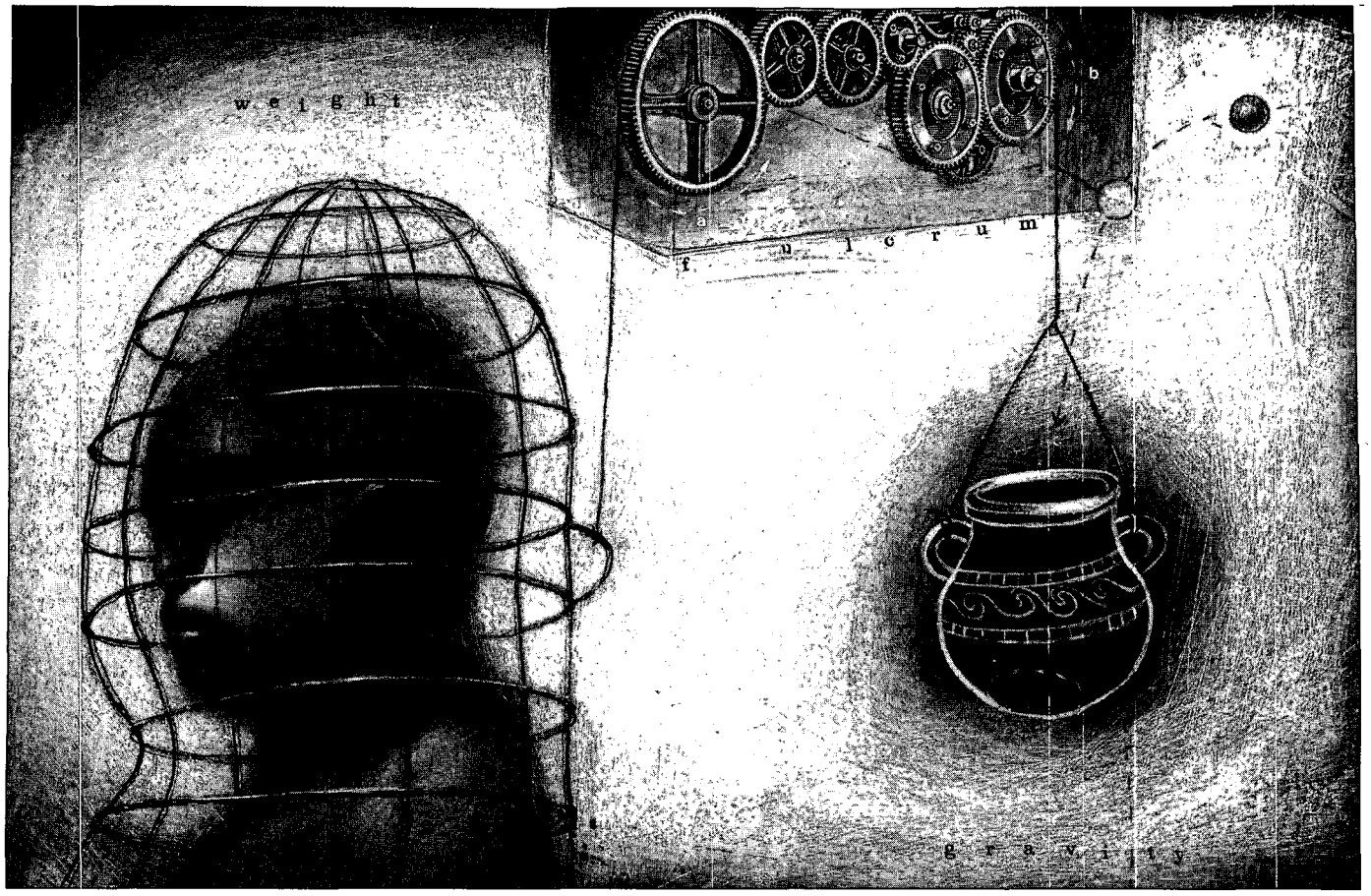
The idea that free speech is meaningless without access to an audience informs the ACLU's policy guide positions on mass media. The group supports reinstituting the government-mandated "fairness doctrine" for broadcasters. It demands that cable systems provide open, public-access channels. And it recommends voluntary guidelines to increase access to the print media. These include a policy of accepting virtually all noncommercial advertising and a policy of printing unedited news and opinions from members of the public.

While the policy guide holds that there is no enforceable right to access to the print media, it is easy to see how the ACLU could come up with one. If there is little substantive difference between the private sector and the public sector, there is no reason (except tradition) why government cannot subject print media to a fairness doctrine. If speech is meaningless without an audience, and malls must open their doors to speakers, why shouldn't newspapers have to give writers access to their readers? If, because of their monopoly nature, cable systems have a duty to provide public-access channels, then shouldn't the government force monopoly newspapers to provide similar access? And if all the ACLU cares about is expanding the marketplace of ideas, then a fairness doctrine for the print media could be said to do that.

Indeed, the thought has at least crossed the mind of the ACLU's executive director. Glasser writes in *Our Endangered Rights*, "If speech is inaudible, what matters that it is free? Effective communication requires access to the mass media, but unpopular views often cannot gain access. Some have therefore suggested that in order to fulfill the purposes of the First Amendment under modern conditions, we should establish a right of access to newspapers and television....Twentieth-century conditions have created a conflict within the First Amendment that was not possible to contemplate two hundred years ago."

Such waffling inspires doubts about the organization's future as a First Amendment defender. "I'm still a member, and I still make my contribution because the ACLU still does some good," says Dershowitz. "But if things don't change, in 10 years, it may not be doing any good. In fact, it could become an enemy of free speech."

Charles Oliver is assistant editor of REASON.



PERESTROIKA IN THE PROMISED LAND?

BY LEON T. HADAR

AMERICANS, WHO FANCY ISRAELIS AS PIONEER-SPIRITED, *yarmulke*-wearing soldiers living mostly in egalitarian kibbutzim in the middle of the desert, suffer a kind of culture shock when they first visit Tel Aviv. A cross between Miami Beach and Beirut in its good old days, the "first Hebrew city" exudes a sense of the trashy good times and the tacky culture of the *nouveaux riches*. Here the mostly secular Israelis practice their new religion of consumerism as their children dream of Reeboks and dance to New Kids on the Block.

Skyscrapers and shopping malls, built by Palestinian construction workers, rise on every street corner. Chinese restaurants, owned by Vietnamese boat people, explode with customers until the early hours of the morning. The new Israeli edition of *Penthouse* is on the top of kiosk magazine shelves, along with several gay publications.

For visiting American Jews, who grew up watching reruns of *Exodus* and listening to propagandists from the United Jewish Appeal, these sights of materialism, greed, and sexual permissiveness tend to produce a poignant cognitive dissonance. "I guess many of us American Jews turned Israel into a fantasy land, our collective Disney World," says Donna, a Los Angeles resident on her first trip to the country. "And you never think of Mickey Mouse as someone who has perhaps simple hopes and desires like yours....In our script the Israeli was supposed to work hard drying swamps, not building a Jacuzzi in his backyard."

Israelis are indeed trying to erect islands of renegade capitalism and free thought in the midst of a statist economy and a theocratic polity. "Unlike the East Germans, we don't have a

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'West Israel' to flee to," explains Asher Barad, a high-school friend who is an official of the Israel Discount Bank. "So those of us who don't leave for the States spend most of our energies finding ways to screw the nomenclature by circumventing the government's intrusion in our life, especially by evading taxes and spending our money on having a lot of fun."

JUST AS THE ARAB-ISRAELI CONFLICT HAS OUTLIVED THE COLD WAR, so, too, socialism persists in Israel despite its dramatic collapse in other countries. A massive influx of Soviet Jews makes the anomaly all the more glaring. Leaving behind the ruins of a planned economy, these immigrants may have imagined they were escaping to the capitalist West. But with the changes taking place in Eastern Europe, it's conceivable that Hungary and Poland will soon have economic systems more favorable to free enterprise than Israel's.

Founded by Eastern European socialists, Israel adopted many of the attributes of a Western democratic system—in particular, a strong and independent judiciary. But it also retained some of the elements of Eastern European political culture: a huge bureaucracy and centralized economy, political fragmentation, respect for authority, an intellectual class with a strong antibusiness mentality, and a national identity that is tied strongly to ethnicity and religion. Israel's is a political culture whose sources are Hegel, Marx, and Heinrich von Treitschke (the philosopher who developed the idea of organic nationalism), not Smith, Mill, and Locke.

In Israel, as a popular saying puts it, the state does not belong to the people; the people belong to the state. The "state" is a collection of political parties whose ideological origins go back to early 20th-century Moscow, Warsaw, and Vienna. It controls everything from the large government agencies and public corporations to the educational system, the health services, and the soccer teams; from wages and prices to the weight and shape of doughnuts.

Some indications of the government's reach and influence:

- Israel's tax system is probably the most oppressive in the Western world; the income-tax rate reaches 45 percent for salaries of $19,748. In fiscal year 1988–89, tax revenues and fees soaked up more than 50 percent of the country's GNP.
- The public sector absorbs about 500,000 workers—some 40 percent of the work force—of whom about 200,000 are employed by the national government.
- Ninety-three percent of Israel's land is in the hands of governmental authorities. Through its building construction ministry and its land policy, along with the high taxes it imposes, the government has made it almost impossible for a young middle-class family to own or rent an average-sized home.
- Transportation is controlled by government agencies or monopolistic cooperatives; the state discourages private ownership of vehicles through burdensome taxes. As a result, Israel has fewer motor vehicles per capita than either Spain or Greece.
- The state controls the communications system. There are no privately owned telephone companies or broadcasting operations, and the government has been known to keep politically controversial material off the air.

Israel's huge governmental apparatus enables the political parties to control the economy and to award benefits to their leaders and supporters. These benefits include jobs, tax exemptions, budget increases, and goodies such as free flights on Israel's airline or special preferences in installing telephones (it can take the average Israeli more than a year to have a phone installed in his home).

OVER TURKISH COFFEE IN ONE OF TEL AVIV'S CHIC YUPPIE HANGOUTS, Asher and I discuss his thesis that what he calls "the revolution against the dictatorship of the party bosses" hasn't taken place because of the $3 billion in economic and military aid that Israel receives each year from the United States. That aid, he argues, perpetuates a stagnant welfare system and the rule of bureaucratic apparatchiks over the country's economy, and it creates disincentives for any major reforms.

In contrast to the outcry in the United States, many Israelis welcomed the recent proposal by Senate Minority Leader Bob Dole (R-Kans.) to cut aid to Israel by 5 percent. The hawkish Ariel Sharon recommended that Israel give up voluntarily the $1.2 billion in economic aid it receives from Washington each year. A columnist for the Tel Aviv tabloid *Hadashot* dryly suggested that Israel could be integrated into the administration's war on drugs. "What Israel needs now is to go through a kind of Betty Ford drug rehabilitation program that will enable it to get rid of its addiction to American aid," he wrote.

U.S. aid fosters big government in Israel both by feeding it directly and by obscuring the drag that regulation exerts on the economy. The losers are the young, American-style Israeli entrepreneurs. Asher, who tried to launch a computer company a few years ago, discovered that more than 11 licenses are needed to open a business in Tel Aviv and that it takes more than a year to obtain them. He abandoned the venture.

"We and the American taxpayers help to keep alive Labor's socialist economic structure, to finance the religious parties' parochial school system, and to support the Khomeini-type fanatics that the Likud sends to the West Bank," Asher contends. Like other young professionals, he would like to see the emergence of a new party that supports free-market reforms; a constitution guaranteeing basic rights and the separation of synagogue and state; and transformation of the electoral system to weaken the power of the political parties and allow a more direct relationship between voters and their representatives.

Many young voters welcomed the coming to power of the right-wing Likud in 1977 after years in which a corrupt Labor party machine suffocated Israel's economy. But after toying for a while with some market-oriented steps—inviting Milton Friedman to give advice, freeing the rate of exchange—the Likud ended up adopting a populist agenda. It used the government budget to award gifts to its political supporters and to placate its lower-middle-class Sephardic constituency (Jews from Arab countries) with welfare money. The government

bureaucracy expanded, and Likud's political corruption simply replaced Labor's.

Moreover, the Likud's West Bank settlement policies and its military campaign in Lebanon carried enormous costs in terms of both human life and economic spending. At the same time, the party's conservative socio-cultural policies continued to reflect the agenda of the religious parties, with which it had formed a coalition government. (Since the emergence of Likud in the 1970s as a viable opponent to the Labor Party, every prime minister has needed the support of the small religious parties to claim enough parliamentary seats to form a government.)

"Trying to make a selection between Likud's messianic foreign-policy agenda and Labor's domestic socialist program is like trying to choose between a heart attack and cancer, especially when both are competing for the goodwill of the clerical religious parties," Asher says. What he and other Israelis are looking for is a party that would combine Labor's moderate orientation on foreign policy with a radical reformist approach on domestic issues—the one Likud never adopted.

THE CAFÉ IN WHICH ASHER AND I MET IS LOCATED IN one of Tel Aviv's gentrified sections. The owners of this eatery try to recreate, with a touch of Middle Eastern architecture and shocking pink and pale blue colors, the ambiance of a 1930s Tel Aviv coffee shop. After years in which an ugly socialist-realist style of buildings threatened to turn the city into a copy of Warsaw, the popular mayor, Shlomo Lahat, has been trying to bring back to Tel Aviv the sexy, Levantine flavor of a Mediterranean city à la Casablanca.

On the other side of town is an example of Tel Aviv's socialist architecture and Israel's political culture: the building of the Central Committee of the Histadrut, the national trade union affiliated with the Labor Party. This ugly structure, decorated on top with Israeli and red flags, is known to residents of the city as the "Kremlin." Walking through its corridors, one can look into almost-deserted offices, occupied usually by one tea-sipping *yerachmiel* (Hebrew for "old nerd") who, half-asleep, reads the subsidized Histadrut daily, *Davar*, which is about as stimulating as *The Congressional Record*.

Standing in front of the "Kremlin" brings back memories of growing up in the socialist environment of Tel Aviv: Demonstrations with red flags on May Day to celebrate solidarity with the workers of the world. A communist geography teacher who devoted the entire semester to the miracles of industrial development in Russia. An aunt and uncle who divorced in 1957 after the kibbutz where they lived split over the policies of Uncle Joe. (My uncle and his friends thought that Stalin was still the "sun of the people" whereas my aunt and her colleagues violently disagreed. They erected a huge wall in the middle of the cafeteria and divided the kibbutz between the pro- and anti-Stalinists. My aunt and uncle never again talked to each other.)

I recall the shame I felt when my dad left his job as an economics editor for *Davar* to become a businessman. These days I feel only jubilation over the fact that the walls of the "Kremlin" are finally crumbling. The political-economic empire of the Histadrut, which includes several industrial corporations, cultural institutions, and a huge bureaucracy, is gradually being sold to the highest bidder. The sales range from the gigantic Koor Corp., which includes manufacturing and construction operations, to the English-language daily, the *Jerusalem Post*. But there is still a long way to go.

Just across the street from the "Kremlin" is the country's first classical-liberal think tank, the Israel Center for Social and Economic Progress (ICSEP). The organization's director, the bearded and feisty Daniel Doron, emphasizes that it is not a political party. Rather, ICSEP is a research, information, and lobbying center that is slowly beginning to change the way the Israeli public—and, more important, its political and intellectual elite—thinks about economic and business issues.

> I guess many of us American Jews turned Israel into a fantasy land, our collective Disney World. In our script the Israeli was supposed to work hard drying swamps, not building a Jacuzzi in his backyard.
>
> —AMERICAN TOURIST

The center, Doron contends, has been instrumental in transforming the Israeli *zeitgeist*. Socialism and government intervention in the economy are "out," he argues, and capitalism and free enterprise are "in." Doron is an intellectual-turned-businessman who spent several years in the United States. He gave up a successful art dealership to help develop an Israeli version of economic Thatcherism.

With the support of American businessmen, economists, and neoconservative intellectuals such as Irving Kristol, Doron raised enough money to launch the center in 1984. ICSEP is performing well by the standards of success that apply to U.S. think tanks. Doron's views are covered in Israel's print and broadcast media, and he publishes op-ed pieces in the Israeli and American press. The conferences and seminars he organizes introduce Israeli policymakers and intellectuals to classical-liberal thinkers such as Milton Friedman and Thomas Sowell and free-market advocates such as members of the Thatcher cabinet.

The center was the driving force behind a recent Israeli Television documentary that supported expanding the role of free enterprise. ICSEP brought skeptical Israeli economics re-

porters to the United States to meet with leading figures of American business and the economics community. These included George Mason University professor Walter Williams, whose views on the welfare problems of American blacks "came as a total shock" to the journalists, Doron says.

Indeed, the Israeli journalists, like other members of the mostly Ashkenazic (European) intellectual elite, still believe that the solution to the problems of the lower-middle-class Sephardic Jews lies in Great Society–style welfare programs. Meeting with Williams and with Korean immigrants who have prospered in America helped shake this dogma.

But these journalists did not have to fly to the United States to uncover the truth. The Sephardim themselves probably know better. A study produced by a sociologist at Tel Aviv University found that while the income gap between the Ashkenazic and the Sephardic population is widening in government and public-owned enterprises (where the former tend to be the managers and the latter the intermediate and low-level bureaucrats), it is closing in the private sector, where many Sephardim are making it.

"Many of my snobbish Ashkenazi acquaintances return from vacations in resort towns like Eilat horrified to find out that 'they,' the growing number of Sephardi plumbers and shop owners [who are more Middle Eastern in appearance], probably not their own cup of tea, are among the occupants of the hotel suites and the owners of the yachts in the port," Doron says. A prominent example of Sephardic entrepreneurship is the Jordache Jeans empire, founded by a Moroccan Jew who emigrated from Israel to the United States.

So Doron does not focus his efforts on changing the views of the Sephardic Jews. Many of them, in practice at least, have rejected Labor's socialist ethos, although their self-appointed "leaders," like those of black America, have used the culture of welfare as a political weapon. ICSEP's main goal is to transform the world view of the Israeli WASPs—the "White Ashkenazim with *Protekzia*," most of whom choose government over business as a career route. (*Protekzia* literally means "protection"—government patronage and aid.)

THERE IS A SENSE IN ISRAEL THAT THE FREE MARKETEERS ARE gradually winning the day. "Both in terms of its own historical experience and that of the rest of the world, Israel has grasped that government is not the generator of solutions to economic problems," Pinchas Landau, an Israeli economics reporter, wrote in the *Jerusalem Post* earlier this year. "The appalling record of government intervention in Israeli economy and society, coupled with the general world trend in favor of deregulation, and the preference for market forces to find solutions, finally combined to convince the policy-making elite that the entire direction of policy had to be changed."

As treasury minister, Labor's Shimon Peres oversaw the dramatic continuation of Israel's privatization program, while his young socialist deputy, Yossi Beillin, shocked the nation by stating that society might have to come to terms with an unemployment rate of close to 6 percent. Even the leaders of the small Marxist-oriented Mapam Party are now offering nothing more than a mild Western European social-democratic vision as their economic platform.

With the expected immigration of close to 150,000 Soviet Jews in the next year or two, the need to reform the economy will become more urgent than ever. The destitute Holocaust survivors and the Jewish refugees from Arab countries who arrived in the country in the first two decades after its establishment found jobs mainly in the public sector. The new immigrants, on the other hand, are well educated and professional. Fleeing from the communist nightmare, they do not look to the government as a savior.

Soviet immigrants are repelled by Israel's bureaucracy; many tell Kafkaesque stories of their frustrations in dealing with the government agencies that are supposed to assist them. They are often interested in launching money-making careers and opening businesses; some of them have already established companies involved in trade between Israel and the Soviet Union. But Israel's confiscatory taxes and heavy regulation hamper such entrepreneurs.

Doron and his colleague Yuri Shtern, a Russian-born economist living in Israel, argue that the formula for keeping these immigrants and for preventing thousands of young Israelis from leaving the country is not another grand, government-controlled absorption scheme. (Such a system, in any case, tends to aggravate social tensions between native Israelis and the newcomers by granting special aid and privileges to immigrants.) Rather, the key is deregulation of the economy to provide new avenues for utilizing the human resources in education and science that the Soviet Jews bring.

Doron and Shtern call upon the government to sell, at nonmonopolistic prices, at least some of the land it holds. They also advocate eliminating the rigidities and monopolies in the building trade. These steps, they hope, will help solve the acute housing shortage confronting the new immigrants.

AS DORON AND I CONTINUE TO DISCUSS TRANSLATING THE IDEAS of Adam Smith to the reality of Israel, I ask myself if there isn't something surrealistic about this afternoon chat in ICSEP's spacious Tel Aviv offices. The real political drama of this country lies only a few miles away, in the Arab towns and villages of the West Bank and the Gaza Strip.

But Doron argues that there is actually a strong link between ICSEP's agenda and the developments in the territories. In a paper he published a year ago, he suggested that one of the major reasons for the anti-Israeli violence of the Arabs in the territories has been the state's "repressive economic regime and monopolistic practices."

Israelis and foreign observers, he suggested, have tended to ignore the economic aspects of the Israeli-Palestinian conflict and the way the distorted Israeli economic system has polarized the relationship between Jews and Arabs. While Israeli rule may have raised the standard of living of the Palestinians in the territories, it has also imposed—as the Israeli bureaucracy does on its own citizens—infuriating discrimination, arbitrariness,

and favoritism. The system has engendered bitterness among the Palestinians, Doron says, "especially among those with little means of protection against the routine abuses of our senseless bureaucracy."

When Israeli citizens permit their government to distort their economy, they pay for it with stagnation, rationalizing that this is a necessary sacrifice for "national security" and "social development." The Palestinians are less likely to accept passively the hardships to which most Israelis have become inured. Mainly unorganized laborers and small-scale entrepreneurs, the Palestinians in the territories lack the defenses Israelis have to protect themselves, such as trade unions and interest groups. They end up demanding a political structure and mobilizing behind political leaders that they hope will obtain for them the wealth, jobs, patronage, and status the Jews have.

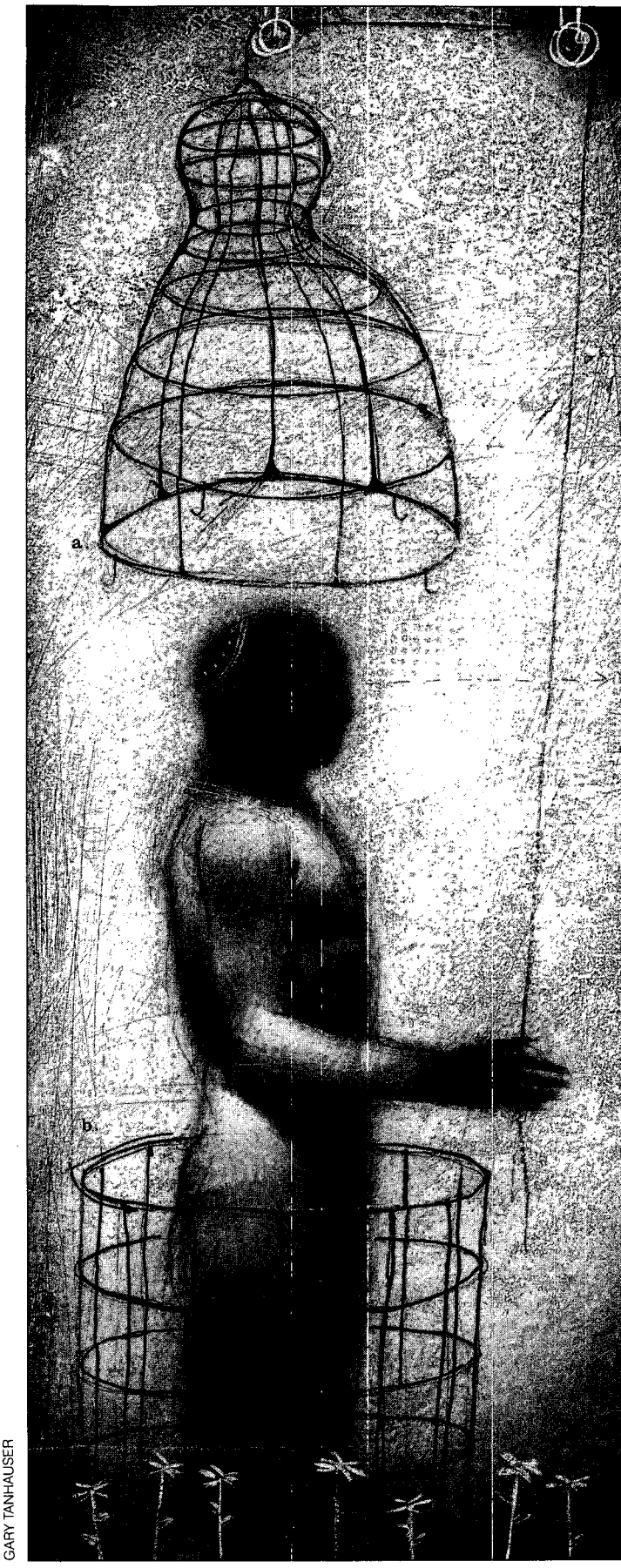
Young, educated Palestinians who have nowhere to go in Israel's statist economy have become a rootless proletariat, Doron argues, making the explosion in the territories inevitable. His perceptive analysis was confirmed by two distinguished Israeli journalists, Ze'ev Schiff and Eud Ya'ari, in their recent book *The Intifada*. According to a secret Israeli intelligence report, they reveal, many Palestinians who have been jailed since the beginning of the uprising listed economic factors such as unemployment and a harassing bureaucracy, rather than a demand for a Palestinian state, as the major reason for the violence in which they participated.

Economic reform would probably alleviate some of the Palestinian grievances against Israel. But Doron admits that the root cause of the problem is still political. Even if Israel were to allow the West Bank and the Gaza Strip to turn into islands of dynamic free enterprise, such familiar Middle Eastern characters as nationalism, ethnicity, and religion would eventually raise their heads. Just ask the Lebanese (those who are left to tell their story), the residents of what used to be the "Switzerland of the Middle East."

But the reforms Doron advocates would enhance the prospects for a political solution, such as a confederation involving Israel and a Palestinian entity. While economic prosperity is no guarantee against violence, it does seem to make conflict less likely. What the Israelis and Palestinians need now, more than at any time in the past, are leaders who will recognize the changing international realities, deal boldly with the political, economic, and diplomatic challenges facing their nations, and transform the ideological foundations of their societies.

Given such leadership, free trade and a thriving market could bind Israelis and Palestinians with the ties of mutual self-interest. "My dream," Faisal el Husseini, a young Palestinian leader on the West Bank, told Schiff and Ya'ari, "is that 10 years from now the conflict between us will involve the fact that we lowered the prices of the computers we produce so as to squeeze you out of the market."

Leon T. Hadar is a Washington-based journalist who has covered the United States for several Israeli newspapers. He teaches political science at American University and is writing a book on U.S. policy in the Middle East for the Cato Institute.



GARY TANHAUSER

IS THE KIBBUTZ KAPUT?

BY TOM BETHELL

THE ISRAELI KIBBUTZ HAS LONG BEEN HAILED AS PROOF THAT THE principle "from each according to his ability, to each according to his needs" is compatible with both wealth and freedom. The kibbutz is considered, in philosopher Martin Buber's words, "an experiment that did not fail," the shining exception to the general failure of socialist economics—voluntary, productive, prosperous.

Kibbutz members, or kibbutzniks, own their property collectively; on the first kibbutz, Degania (founded in 1909), they even shared clothing. Over the years, the kibbutzim have loosened their restrictions on private property, allowing members to own not only clothing, but also furnishings, books, and tools; individuals now live in private flats rather than share living quarters. And, in sharp contrast to their original vision of Jews working the land, some kibbutzim employ Arab workers, and most have added factories.

True to their egalitarian ideals, however, the kibbutzim continue to separate output from income, the individual's contribution from his reward. Both economic theory and the history of communal experiments, from the Plymouth Colony to today, predict that this arrangement would give rise to the "free-rider problem," a situation in which the incentives encourage slackers, or consumers, to take advantage of hard workers, or producers.

But, say the kibbutz's supporters, this hasn't happened: "The problem on some kibbutzim is not getting members to work, but restraining them from overwork," wrote Lawrence Meyer in *Israel Now*, published in 1982. "On one kibbutz I visited, members show up at the factory on Saturday, the Sabbath, even though the factory is not officially functioning." As an economic enterprise, Meyer concluded, "the kibbutz undoubtedly is a success."

But is it really? Beginning last year, reports that the kibbutzim had wracked up tremendous debts began to cast doubt on their supposed economic success. "Debts Make Israelis Rethink an Ideal: the Kibbutz," ran the *New York Times* headline. Approximately 127,000 Israelis, or only 3 percent of the Jewish population, live on the kibbutzim, but among them they had accumulated a debt of $4 billion—about 13 percent of GNP. As the *Wall Street Journal* reported, this was "about 30 times that of Mexico on a per capita basis."

The kibbutzim raise many interesting questions. First and foremost, is it really true that they were able to achieve economic success despite incentives that have proved crippling everywhere else in the world? If so, how was this achieved? How then did these vast debts arise, and what is the likely future of the kibbutz movement? To piece together some answers, I went to the kibbutzim themselves.

KIBBUTZ TSUBA IS 10 MILES SOUTHWEST OF JERUSALEM, MORE than 2,000 feet above sea level, and set on a hill referred to in the biblical second Book of Samuel. A community of 550, Tsuba has 220 kibbutz members, 10 percent of whom are Holocaust survivors. The 330-odd nonmembers are visitors, volunteers, and children of the kibbutzniks. Founded shortly after Israel's war of independence in 1948, Tsuba is one of 180 kibbutzim affiliated with the United Kibbutz Movement, whose political orientation is "center-left" by Israeli standards (more to the left by ours). Another 80 kibbutzim are affiliated with a definitely left-wing organization, Artzi. Altogether there are 277 kibbutzim in Israel, and the remaining 17 belong to two religious groupings.

I was met in the parking lot by Joel Dorkam, a cheerful man of 61 who told me that he had grown up in Germany, immigrated to Israel after World War II, and spent nearly all of his adult life on Kibbutz Tsuba. Optimistic and friendly by nature, Dorkam was also candid. He had been thinking that day about the possibility that Tsuba, with its biblical associations, might one day become an "interfaith biblical theme park." Old Testament...New Testament... In short, he was worrying about the financial future of the kibbutz—of Tsuba in particular, and the kibbutz movement in general.

For years the movement had shown a slow but steady population growth—sometimes 3 percent yearly. "But in the last two years we have had about 1 percent negative growth," he said. Initially, he admitted, "we thought the kibbutz movement would grow much more. But we are aware now that the kibbutz can never encompass the whole population."

There was barely a trace of wistfulness when he said it. Once, the kibbutzim were thought of as laboratories for the transformation of human nature. "The purpose of the kibbutz," Murray Weingarten wrote in 1955, "is not only to set up a new economic framework for society [but] to create a new man." Long before New Soviet Man was heard of in the West, there emerged in Palestine, at about the same time as the Russian Revolution, this quiet confidence that a New Jewish Man would soon appear.

"But it turned out that this way of life is difficult and it is inherently selective," Dorkam told me. "Many cannot take the demands that the kibbutz makes on the individual. It is an intensive, 24-hour way of life. The society is in a position to evaluate your whole personality...." Here he paused to restate the point with greater emphasis. "Your whole personality is constantly on view to the whole community," he said. "It makes for a great strain for many people."

He explained the implied contract of the community. "You get all that you need from the kibbutz," he said: food, clothing,

lodging, health care, education for the children, "cultural formation" for the adults. Your retirement worries are taken care of; higher education, vacations, and travel abroad all are subsidized by the kibbutz.

In return, individuals donate their labor. They work on the farm or in the factories, at Tsuba making laminated windshields for automobiles or self-assembly furniture. All families at Tsuba receive the same monthly stipend (about $330), whether the work they do is easy or difficult, managerial or subordinate.

I asked Dorkam how the kibbutz manages to circumvent the free-rider problem, and he admitted that it is very difficult. "We have no court, no laws, no police," he said. But there are ways of "creating an antagonism" against the stubborn egotist. And as a rule, such individuals either reform or leave. In Tsuba's 41-year history, only three people have been expelled.

Dorkam took me outside, and we walked down pleasant paths, through well-kept gardens. Tsuba itself was very quiet. It had the sunny, mid-morning tranquility of a campus when everyone is still in class. Dorkam said that child psychologist Bruno Bettelheim had stayed at the kibbutz in the mid-1960s while researching his 1969 book *Children of the Dream*. For decades, kibbutz children were reared in special "children's houses," apart from their parents. This in turn produced a vast serial pilgrimage from the sociology departments of American universities, to test theories of child rearing.

The children at Tsuba no longer live in children's houses—five years ago there was an 80-percent vote to make this important change. Almost all other kibbutzim have likewise changed, or soon will. And, yes, when they grow up the children have been moving away, to the high-rise suburbs north of Tel Aviv.

"One-third stay, two-thirds leave," Dorkam told me. Of all the people in Israel I talked to about the kibbutz, he was the only one who gave so unpromising a statistic. Others said that half left, or were noncommittal. Formerly, Dorkam's ratio was reversed. Two-thirds stayed. "More and more are leaving, and that's a big problem we have, and the ideological strength of youth declines," Dorkam said—a personal psalm of sorrow, I thought. I admired him for uttering it unflinchingly.

Bettelheim saw it quite differently 20 years ago: "The founding generation has slowly acquired some private property, usually just a handful of things, some of them presents from relatives outside the kibbutz. But owning them makes quite a difference. And though they try to restrict and regulate such gifts, the wish for possessions seems so strong that there are many infractions of the principle of common property....Things are very different for the second generation....For them, communal property is not an idea defensively or consciously embraced, but the only normal way to live."

Among the majority of children who stayed on the kibbutz, then, Bettelheim saw more or less successful indoctrination; communal property was "the normal way to live." For Dorkam, however, the "ideological strength of the youth" had declined. No doubt what we really see here is a fairly long period (lasting perhaps until Menachem Begin's election in 1977) when collectivist ideals were by and large accepted by those born on the kibbutz (of whom there have been two or three generations, depending on the kibbutz). Only recently has this given way to a real, and worldwide, decline of the collectivist faith.

In the afternoon Dorkam took me to see the windshield factory, which was started 10 years ago—at the request of the children, he said. Agriculture was becoming less and less profitable. The assembly line was in operation, and no one even looked up when we entered. Tsuba produces 100,000 windshields a year and sells them on the world market, two-thirds to the United States and Europe, one-third for domestic use.

Making laminated safety windshields, with a thin layer of PVP plastic inserted between a sandwich of tempered glass, is a complex operation, requiring skill, precision, and care. This is real work, not just idle kibbutzniks playing at "Factory." The factory employs 50 workers, 35 of them kibbutz members, 10 volunteers, 5 from other kibbutzim. It is on its third manager, the first two having been rotated back into other jobs.

It is "not so popular" to work in the factory, Dorkam admitted. People work in teams of six to eight "on a strict schedule," and many look forward to being rotated back into farm or administrative work. Dorkam himself had worked in the quality-control unit, where they test the new windshields against the standards of British and German institutes.

Dorkam mentioned the "disconnection between contribution and retribution," as he put it. (But, unlike many in Israel, he spoke excellent English.) With the financial crisis now afflicting the kibbutzim, I mentioned the suggestion I had heard that the linkage of pay to performance should be restored.

"That would be in my opinion the end of the kibbutz," he said. Surely he is right. Its most distinctive feature would have been discarded, and there would be no remaining reason for the communes not to convert completely into corporations.

Before I left he said that the "hidden assumption of the kibbutz" is that "talented people, or people who are above average, have to make a personal sacrifice." This is true, and it is not normally pointed out. He also told me that the kibbutzim are all interlinked economically; profitable kibbutzim must subsidize the loss makers. And this "causes resentment," he said. "Some kibbutzim built themselves dining rooms and cultural facilities three times as costly as ours." Nonetheless, Dorkam was discomforted by the suggestion that the kibbutzim should be separated from one another. The political clout of the kibbutzim (and their ability to extract subsidies from the Ministry of Finance) depends on their remaining unified.

I WAS IMPRESSED BY KIBBUTZ TSUBA. YES, IT IS SUBSIDIZED, BUT people are working despite poor incentives, and an arid hill of stones has been turned into a functioning community with two factories and a farm, their output sold in world markets. And it has survived for over 40 years.

The kibbutz, of course, has all along enjoyed the great advantage, as Dorkam reminded me, that its values are voluntarily embraced. Those who do not like it are free to leave at any time; new applicants are carefully screened for good work habits and "socially compatible" attitudes, and must receive a two-thirds vote to be admitted. In addition, the external military

threat to the country has imparted a sense of mission to the kibbutzim, a mission often made explicit by assigning them a specific defense role; most of the country's military leaders, as well as many elite units, have come from the kibbutzim. These factors in combination may have enabled the kibbutzim to overcome, at least to some extent, the free-rider problem that has been the ruin of communes everywhere else.

Still, as I drove back to Jerusalem, I realized that despite Dorkam's helpfulness (I had only given him half an hour's notice of my arrival), I really didn't know whether Kibbutz Tsuba was economically self-sustaining or not. With the embedded nature of the subsidies, some of them applying across the board in Israeli society (e.g., price supports for much agricultural produce), it is possible that many kibbutz members themselves do not really know. I would encounter vagueness about financial matters throughout my visits to the kibbutzim.

"The hidden assumption of the kibbutz," says Joel Dorkam of Kibbutz Tsuba, is that "talented people, or people who are above average, have to make a personal sacrifice."

This vagueness was most striking at Shefayim, a kibbutz on the Mediterranean coast, 12 miles north of Tel Aviv. It began as I checked into the kibbutz-owned hotel: The clerk quoted me three different prices for the same room. I had the feeling that if only I knew the password, the room could be had for free.

The next day, I met Beny Kaz Nelson, a gaunt, white-haired Marlboro smoker who had been born on this kibbutz in 1933, "a very bad year in the history of mankind," he said. His father came from Poland, his mother from Riga—"pioneers of the Zionist Youth Movement," and his mother-in-law, now 92, still lives on Degania, the first kibbutz. The kibbutz way of life, Nelson said, "is not natural, it belongs to the realm of ideas, of mind." But he thinks it is "part of the essence of the Zionist movement."

Currently, he said, there is a great crisis for those who espouse socialism, "both in the communistic and the social-democratic world." For the "capitalistic way," he said, in his good but idiosyncratic English, "it is a moment of flourishing." In the 1920s, he said, "every good fellow was a socialist. In our times, it will not be so. So I am sure that this change will have an influence on the kibbutz."

"A negative influence?"

"Yes."

Nelson has held a number of government and kibbutz jobs, including three stints as general secretary of Kibbutz Shefayim. I asked him if he could tell me how much the annual family stipend was at Shefayim. "Something near to 2,000 shekels [about $1,000] per family," he said. "But I don't want to give you figures that are not exact. I will telephone to the treasurer." He picked up the phone by his side and asked for someone, who was out but apparently would call back.

He told me that Shefayim is a successful kibbutz, "one of the 20 richest." So much so that a part of its income goes to other kibbutzim—nearly 2 million shekels, he thought. They have a "very successful" plastics factory and the tourist trade is also successful, if uneven.

When I asked him how people are motivated to work, he said that only the day before a guest from Hungary had asked the same question. "I think the answer lies in identification with others," he said. "When you are at home you clean the family's dishes without asking yourself why, because that is your home. Only in a moment of crisis do you ask."

He took out another Marlboro and a son, in his 20s, came through the room and glanced across at us without much sign of interest. One-half of the children who grow up in kibbutzim stay on, Nelson estimated. "Thirty years ago, it was 60 to 70 percent. So I am not so sure about the future. If we stay as we are, we will not have a future. But if we change..."

The telephone rang, and it was the treasurer of the kibbutz, returning his call. Nelson was happy to share the information with me. The stipend for a family of four is 7,000 shekels. The income of the kibbutz is 30 million shekels. And they give 500,000 shekels to other kibbutzim, not 2 million as Nelson had guessed. Forty percent of revenue comes from industry, 30 percent from tourism. "And our expenses are lower than our income," he said, repeating these last words into the receiver, before saying thank you and hanging up. "I speak with the treasurer because I want to give you correct figures," he told me.

It was puzzling, that his earlier estimate of the stipend should have been off by 350 percent. I could only assume that he never looked at the checks—in short, that money wasn't something that he worried about. It wasn't that he was trying to hide anything from me—on the contrary. The truth was that he really didn't know very much about the finances of the kibbutz, even if he lived on it, and didn't mind if it showed. Probably (it was later suggested to me) he receives a government salary and regards the kibbutz stipend as a minor detail.

LIKE NELSON, THE KIBBUTZIM THEMSELVES HAVE RARELY HAD TO worry about finances. Until the 1930s, they couldn't balance their budgets, Eliyahu Kanovsky reported in a rare study of kibbutz finances published in 1966. But aid from the World Zionist Organization and other philanthropic sources allowed them to survive, and the Depression made it possible to buy agricultural equipment cheaply. The 1940s constituted a "golden age" for the kibbutz movement: The world war cut off supplies from abroad, and the Allied armies in the Middle East provided a ready market for agricultural and industrial products at favorable prices.

The first few years following independence were likewise financially "successful," at least on paper. The new government provided both direct subsidies and protection from competi-

tion, while mass immigration created a ready market. Even so, in the late '50s and early '60s, the Jewish Agency had to "adopt" about 100 newer kibbutzim to save them from insolvency. A joint fund established by the government, the Jewish Agency, and the Workers' Bank of the Histadrut union bailed out those kibbutzim that couldn't repay their debts to private commercial banks and suppliers.

According to Gershon Kaddar, then the agricultural adviser of Israel's largest bank, all but the oldest kibbutzim lost money even in the supposedly profitable years 1954-57, once the depreciation of their assets is properly accounted for. "He concluded that, in effect, the kibbutzim were consuming their assets, which had been provided them by the government, the Jewish Agency, and the other public bodies in Israel," Kanovsky wrote.

Lavish agricultural subsidies from the government and Jewish Agency accounted for the "profits" of the older kibbutzim. Kanovsky concluded that the kibbutzim were, in aggregate, in deficit from 1954 to 1960 but may have shown a small profit in the next two years. Since then, the kibbutzim have become increasingly dependent on the government for land grants, protection from competition, government salaries for some kibbutz members, and direct subsidies.

More important than direct aid, however, has been inflation. The government seems to have followed, whether consciously or not, a strategy of bailing out debtors by inflating the currency. Since 1948, the Israeli currency has been devalued by a factor of 80,000. This de facto debt forgiveness enabled the kibbutzim to maintain an appearance of solvency and to claim the success of the kibbutz experiment. And for much of this time, a steady infusion of cash from abroad—some of it from the U.S. Treasury and some of it voluntary Jewish philanthropy collected worldwide and funneled into the Jewish Agency (now amounting to about half a billion dollars a year)—preserved a semblance of financial stability.

But with the massive inflation of the 1980s, reaching 450 percent in 1984, this strategy became no longer feasible. Since bank loans as well as savings were thereafter indexed to inflation, debt could no longer be inflated away. Israelis began to bank abroad, and the task of bailing out debtors by devaluing everyone's savings became more and more difficult. The insolvency of the kibbutzim was exposed to view.

"The economic problems associated with the kibbutzim have been endemic since the day they were started," says Steve Hanke, a professor of applied economics at Johns Hopkins University and a senior fellow at the Institute for Advanced Strategic and Political Studies in Israel. "They only recently became visible to the untrained eye because the hemorrhaging grew so large that it was impossible to cover up. The subsidies required for their bailout are too massive to disguise."

SO THE KIBBUTZIM ARE BEING BAILED OUT AGAIN, BUT THIS TIME publicly. Jacob Gadish, an economist and member of Kibbutz Yavne, a religious community of 850 (400 kibbutz members, one-third of whom are over 65) helped to negotiate the bailout. "For each kibbutz we found out what is its ability to repay the money it owes," he told me, "and then to create a repayment schedule so that they can repay over 25 years." Some of the debt (about half) is being forgiven outright.

For two years in the 1980s, Gadish worked for the government, heading the budget division of the treasury. Today he runs a consulting business in Tel Aviv, commuting from Yavne, the largest religious kibbutz. Yavne's main business is poultry farming, producing one-seventh of all the poultry marketed in Israel; its annual income is $23 million. After expenses and taxes, Gadish said, "we have about $7 million net profit."

Gadish told a *Jerusalem Post* reporter: "I was conversing with a comrade from a kibbutz whose debts equal the combined debt of the whole Kibbutz Dati [the federation of all 17 religious kibbutzim]. The man told me he had spent a month overseas the year before and a fortnight again in the current year. I informed him that in our kibbutz nobody may go abroad more than once in eight years. He could not believe me." He added that about 20 kibbutzim are incorrigible. "If their debts are totally written off, they will pile up new ones tomorrow."

A strong believer in the kibbutz ideal, Gadish worries that the present system of interlinked kibbutzim may "destroy the entire movement." The bailouts are imposing continuing costs on the whole of Israel, and the political will to keep propping them up cannot last forever. The danger is that dead-weight kibbutzim will drag down those that are making a sincere effort.

"The kibbutzim do continue to receive subsidies from the government right now?" I asked.

"Yes. I am afraid it can destroy us. There is a big danger that it can do so."

"Without the subsidies you would do better?"

"I am sure that our religious movement can profit from it."

The religious kibbutzim are doing better financially than the secular ones. Only three of the 17 religious communes are debt-ridden. A part of the explanation is that "our approach to public money has been different. We are not so close to the public...cash...trough, yes?" (English had not come easily to him.) At Yavne, fiscal conservatism is the rule. The religious kibbutzim do not have the same political clout as those affiliated with the Labor Party, and therefore are less confident of being bailed out. This has encouraged prudence.

There *might* be a more specifically religious reason for the better performance of the religious kibbutzim, Gadish thought, and he had read Max Weber on the Protestant ethic. A few very ideological, socialistic kibbutzim have also managed to stay in the black, he said. Joel Dorkam's "hidden assumption" of self-sacrifice can probably be sustained over a long time only by people driven either by ideological conviction of the need for selflessness or by a belief in God.

"You know," Gadish said, "there is a big discussion in economics about whether aid is useful. We know that only once in recent history was it profitable, and that was the Marshall Plan. Otherwise I don't know one country that received money where the economy was helped. You become dependent—addicted." It was clear that he had the country in mind as well as the economically dependent kibbutzim.

As for linking individual pay and performance: "The moment there is a connection between contribution and compensation, at that moment the kibbutz system is finished." The kibbutz system, he said, is in conflict with human nature, "the statistical meaning of human nature." But "we are speaking of the 3 percent on one side of the Gauss distribution," he said. "There are some people who are willing to live in such a system. You cannot force anyone. It is contrary to individualism, yes. But we have to improve ourselves. That is the idea! The idea is to be a little less materialistic and to be ready to share your ability with people of less ability."

THE NEXT DAY I DROVE TO GRANOT, ABOUT 30 MILES NORTHWEST of Tel Aviv. Granot is a kind of central buyer and manufacturer of agricultural products for 45 area kibbutzim. There is an avocado packing house, a cotton gin, a slaughterhouse, and so on. About 500 people work there, among them Yochanan Blumenfeld, who is a member of the central board of Granot and an accountant. I arrived at Blumenfeld's office in mid-afternoon, by which time almost everyone seemed to have gone home; my footsteps echoed in the deserted corridors.

Blumenfeld, a cheerful man of 44, said that the kibbutzim were being managed much more cautiously these days. He candidly recalled "what we used to call the good days of Aridor," referring to Israel's former finance minister, "when the inflation was high and you could do what you wanted and nobody knew what your real financial position was." Now everybody was on his best behavior, he said, and I took his word for it.

I knew that his job—"coordinating the balance sheets of the regional kibbutz industries"—would be indecipherable, and he didn't seem terribly excited about it either, so I asked him about his own kibbutz, Givat Hashlosha, east of Tel Aviv. He was glad to change the subject to that. He discussed the problems of the kibbutzim more candidly than anyone else I met. He was also younger than the others.

Givat Hashlosha was founded in 1925, he said, all its early members coming from Eastern Europe. His parents had come from Poland. Half the children born on his kibbutz subsequently left it, he said. Today, 30 percent of the members are age 70 or over.

"The crisis of the kibbutz movement is a crisis of motivation," he said. "And I am not sure that this is clear yet to the leadership of the kibbutz movement. My parents' generation had an ideology that they were going to build 'the world of tomorrow.' They believed that the kibbutz was going to be the dominant way of life not only in Israel but in all the world. This faith gave them a strong motivation, and so did the Zionist dream. They knew that if they were to achieve this they would have to work hard. And they did work very hard, compared with today. They were ready to sacrifice. The problems began after 1948. In the first place, the real state of Israel wasn't the same as a dream. But even then, people at that time still believed they were doing something very important. But after the second generation took over, we didn't believe so strongly."

The religious kibbutzim are more successful, Blumenfeld said, because "even though they never believed in Karl Marx, they still believe in equality. Religion gives them the ideology that we don't have any more.

"The idea that the socialist system will dominate the world doesn't exist any more," he said. "And if there is no socialism, we will return to traditional motivation around the world. And the main motivation—not the sole one—is economic. If the kibbutz does not solve this problem of providing economic rewards, then it will not survive. Because the kibbutz members will vote with their feet." Blumenfeld then added something that I had not heard before:

"The main idea of the kibbutz is equality among the people. We are all supposed to receive the same reward. But many members now have property outside the kibbutz. They married outside the kibbutz, in many cases. As a result, their situation is much better, because when their spouses joined the kibbutz, they didn't give their outside property to the kibbutz. And today this has become a big problem." Many of these people with outside property are "marginal members," he said, simultaneously enjoying kibbutz privileges and unshared property. But both Blumenfeld and his wife grew up on the same kibbutz. If the kibbutz system collapses, many others will have something to fall back on. He and his wife will have nothing.

He pulled a snapshot out of his wallet and smiled. It was a photo of his only child, a 3-year-old son. For a long time, he and his wife had had no children. But then they were blessed. "Everyone on the kibbutz loves him," he said.

Blumenfeld predicted that there would be a "revolution on the kibbutz" and that it would involve what everyone I had spoken to had tried to disavow: "There will be reward according to work."

Joint ownership of the overall property would remain, he thought, "but it will become more clearly identified—more defined. For example, I will know exactly what part I own. As it is now, a member cannot pass his property on to his son unless his son stays on the kibbutz. I think that this will change too." Moreover, in order to join a kibbutz, people will have to invest money in it.

He was talking about establishing private property rights in the kibbutz, and making these rights transferable, at least within the family.

"Everyone I have spoken to says that will be the end of the kibbutz," I said.

He did not deny it. He said: "All around the world now, people work for themselves and for their families. We are not different people. We are the same as everyone else in the world."

He looked again at the photo of his child, and again that made him smile. "He will decide what to do," Blumenfeld said. "I hope he will not have to ask me what to do."

Then he looked off into the distance, thought for a second and said: "He won't have to. The revolution on the kibbutz will come before that time." ◼

Contributing Editor Tom Bethell is writing a book on property.

Champion of Choice

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SHAKING UP MILWAUKEE'S SCHOOLS

POLLY WILLIAMS

INTERVIEWED BY JOHN H. FUND

This fall the Milwaukee Public Schools begin the nation's first experiment in education vouchers for low-income children. Polly Williams, the Wisconsin state representative who made it happen, was inspired by an idea proposed three decades ago by Nobel laureate Milton Friedman and promoted in recent years by conservatives in the White House and state legislatures. To gain approval for the plan, Williams formed a coalition with her Republican colleagues against the liberal establishment. Yet Williams is a Democrat who twice served as Jesse Jackson's state campaign manager.

Under the choice plan, a five-year pilot project, about 1,000 low-income children will receive vouchers of up to $2,500 that can be used at nonsectarian private schools. The money, which will be subtracted from the city's public-school budget, will mean new opportunities for students and greater competition for the state system. If the program works, other states—some of which already allow students to choose among public schools—can be expected to follow suit.

Born in Belzoni, Mississippi, Williams moved to Milwaukee with her family at age 10. She attended the city's public schools but later sent her four children to a local private school known for its high standards and insistence on parental involvement. At 52, she is completing her fifth term as a legislator.

John H. Fund, an editorial writer for the Wall Street Journal, interviewed Williams at a hotel in downtown Milwaukee.

Reason: What obstacles did the education establishment throw up to stop your choice plan?

Williams: They tried everything to stop me. After they were convinced choice couldn't be stopped, they tried to hijack the issue and came up with their own version of choice. It basically created another bureaucracy which would have supervised the whole choice process and strangled it. The Milwaukee Public Schools would have selected the students for the choice program, not the parents. Students would have been picked if they met enough of the seven negative criteria they set up. If you were in a family of alcoholics, had a brother in prison and a pregnant teenage sister, and were inarticulate, you would have been a perfect candidate for their choice plan. In other words, a program they hoped would fail.

MIKEL HOLT

This fake choice plan was the product of a white, do-good liberal legislator named Barbara Nostein. Liberals backed her; they weren't for my bill. We finally won when we got 200 parents to testify for three hours in favor of my bill. In good conscience, my colleagues could not vote against those parents.

Reason: The Milwaukee Public Schools spend $6,000 a year per student on education. That's a lot of money.

Williams: Well, that money isn't going to the kids. It's going to a system that doesn't educate them and to a bunch of bureaucrats. A lot of the money goes out the tailpipes of buses, trucking kids halfway across town so they can sit next to white kids. The average ride for a Milwaukee kid is 45 minutes. That has nothing to do with education.

Reason: Why is busing still used in Milwaukee after all these years? I understand the court order has lapsed.

Williams: They have destroyed or failed to build new schools in the inner city. If busing ended tomorrow, there would be 40,000 kids downtown and 20,000 places in school for them. They have built new, fancy magnet schools next to the suburbs to entice white kids across the city line in buses. They are busing kids from one black elementary district in this area to 104 different schools. A group of African-American parents is going to propose we modify this busing madness and start building schools kids can walk to again.

Reason: These magnet schools—can blacks go to them?

Williams: Not many. Even if they are in African-American neighborhoods they are largely filled with whites from the suburbs. People attack my plan for subsidizing private schools. Well, these magnet schools are private education at public expense. I simply say that my black parents want the same choice they do. None of the people who oppose my plan lack choice in education themselves. They have no idea what the lack of choice in education means, the damage it does when you have to go to an inferior school that will trap you for life.

Reason: Why do white liberals insist on busing instead of choice?

Williams: It's more feel-good politics for them. They think their kids are having a neat cultural experience by going to school with African-American kids. But they don't want to really relate to them; they just want to take them out to the playground with their kids so they can point to some black kids and say, "See, those are different people you should be nice to." It reminds me of a zoo. It has nothing to do with education. The theory is that if black kids sit next to white kids, they will learn better; it's insulting. I thought these people were liberals!

Reason: You castigate liberals a lot. But aren't you a liberal Democrat?

Williams: Labels do not tell you much about me. I'm not a liberal; I believe in what works. I often vote against the state budget because there are things in there I don't think should be funded.

White liberals feel guilty about blacks, and they do things to convince themselves they are helping blacks. It's feel-good politics, which is really just helping themselves. Poor people become the trophies of white social engineers.

We have to be saved from our saviors. They have been feeding us pablum for so long, we are finally tired and demand some real meat. We want self-sufficiency, self-determination, and self-reliance, not a handout.

Reason: How do you get along with your colleagues in the legislature?

Williams: I am respected and listened to, but I must tell you that I have a better rapport with conservative Democrats and Republicans than I do with my liberal colleagues. We all agree on self-determination for minorities, and they aren't so obsessed with guilt and giving away money. I get along fine with Jack Kemp and Newt Gingrich.

Reason: Do you think they are sincere in wanting to help blacks?

Williams: I don't care. I think they are, but they don't have to be. They just have to sincerely want to push my agenda.

Reason: Suppose a conservative legislator came to you and said: "Polly, these welfare programs are a mess. Let's change them to a voucher approach. But to get Republican votes, I have to cut 30 percent of the budget out. The rest goes in cash payments directly to the poor, and they choose how to use it." What would you say?

Williams: I would go along with that. The money is wasted now, and I think it couldn't be more wasted if people spent it themselves. This paternalistic idea that poor people can't make choices is ridiculous. Poor people are some of the best shoppers, most skilled at stretching a dollar, you'll ever see.

Reason: You fell on hard times for a while. What happened?

Williams: I divorced in 1971, and our family income fell from $20,000 a year to $8,000 a year. I had to go on public assistance for a while. I didn't like it, and neither did my kids.

Reason: Why?

Williams: They were embarrassed. They were raised to think there was a real stigma to public assistance. They would refuse to go shopping with me when I used food stamps. After I got back on my feet, I finished college at night school. I became very active in community organizations, and eventually, in 1978, I ran for the state legislature. I lost, but I came back and won in 1980.

Reason: What impact did segregation have on you?

Williams: In the South it was always understood that you were different. You would only be served in a store after all the white people had been served. In Milwaukee, I remember trying to buy something and standing aside when a white person came up to the counter. The clerk asked me what I wanted and served me first. It was a culture shock. There was discrimination here, but it wasn't a way of life.

Reason: Judging from your comments on busing, I take it you don't think much of integration?

Williams: Integration comes in time for those who want it. A lot of African-Americans, including myself, don't believe in it. We had a civil rights revolution so we would have an equal chance at the good things in life, not to blend into white society.

Reason: What are your views on affirmative action?

Williams: Well, in theory I could see some affirmative action if it went to the people who really needed it—at the very bottom. But it never does that; it goes to people who don't need

The poverty industry is worried that kids will get a better education in schools that cost half as much. In their shoes, I'd be worried too.

it, who can make it largely on their own. And it carries with it the stigma that whatever position you succeed in getting, people think you got there because of favoritism. That can be very destructive.

Reason: What is your opinion of those black politicians, such as the mayors of Baltimore and Hartford, Connecticut, who say that the costs of the drug war are too high?

Williams: I agree with them that we have to decriminalize drugs. Three things would happen. We would make sure innocent people are no longer gunned down by drug gangs. And we would take the profit out of selling that poison. Right now, 80 percent of the cocaine money comes from yuppies. They are the ones consuming it, and they drive into our neighborhoods to buy it.

The business leaders of any major city are also willing to keep the status quo. Look at the banks, car dealers, and condo projects. Drug money is in all of them. Lastly, ending the drug war would mean the police would no longer have an excuse to come in and dominate black neighborhoods.

Reason: You were Jesse Jackson's campaign manager in Wisconsin. What does he think of choice in education?

Williams: He has never told me I shouldn't be doing this. When he has been asked, he has simply said he doesn't know enough to comment. I think he would agree with what I am doing here.

Reason: The Milwaukee papers have been very critical of your plan. So has most of the white establishment and the NAACP. Why do you think that is?

Williams: The Milwaukee papers used to be among my biggest supporters. I was their darling. Then I started asking questions and speaking up in the legislature. They didn't like that. They have been awfully unfriendly lately. A cartoon in the paper showed me with a bandit mask on holding up a public school official and demanding he surrender money to this fat, white guy from the private schools. If that isn't a cheap stereotype, I don't know what is.

The NAACP—I don't know why they oppose the plan. I guess they are just too tied in with the old system and way of doing things. This choice plan does nothing for the local power structure. It helps the people that everyone forgot—poor, inner-city kids who want a better life.

Reason: What do you say to those who think you are out to destroy the public schools?

Williams: I want the public schools to work. I think they should work at $6,000 a year per student. Maybe if they had some competition they would have an incentive to work better. But if teachers and school bureaucrats are so worried about losing their jobs, why don't they just go out and do them a little better?

Reason: Tell us about the private schools that will participate in the choice program.

Williams: There are about six to eight schools that want to join. For many it is a sacrifice, since we had to compromise and make the voucher only $2,500 a year, and parents cannot supplement the voucher with their own money. Many of these schools have costs of $3,000 or $3,300 a year.

My kids went to Urban Day School, which was started as a nonreligious school by some Catholic sisters. All of these schools are nonreligious, so there is no separation of church and state problem. They all have different races going to them.

Urban Day and the others go up to the eighth grade, and there is real discipline and learning there. Many kids who leave them and go on to public high school are shocked at the differences. Still, some 90 percent of kids who go to any of these schools finish high school, and most go on to college. They also tend to stay out of trouble.

And these schools do more than provide a good education. They help instill pride in the African-American heritage through history and other courses the public schools aren't interested in.

Reason: Why did you insist on a plan to let kids attend private schools? Why not just improve the public schools?

Williams: We've tried to do that for years, and the best we get is, "Well, we're the experts, you are just parents." We're tired of that excuse. Look, if you go to a doctor and you stay sick, at some point don't you have a right to a second opinion? The choice plan is our second opinion. The folks who run the poverty industry in this town are worried that kids will get a better education at schools that cost half the amount they spend on the public schools. In their shoes, I'd be worried too.

MIKEL HOLT

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THE NEW REPUBLIC

THE TROUBLE WITH HUBBLE

BY T.A. HEPPENHEIMER

The failure to properly shape the Hubble Space Telescope's mirrors offers a sharp view of something that is often quite fuzzy—the inner workings of government. The Hubble trouble is a chance to judge a government-funded activity by standards of success that are grounded in the experience of the real world.

The Hubble telescope had for years been hailed as the instrument that would stand at the pinnacle of astronomy, offering the clearest and sharpest views of the faintest and most distant objects in the universe. To achieve such goals, at a cost of $1.5 billion, its design featured the most exquisite precision ever achieved in polishing large mirrors, along with a dazzling array of the most advanced electronic instruments.

But the Hubble failure did not involve the high-tech parts of the system, in which the risk and difficulty were greatest. It involved a straightforward but crucial matter: the overall shape of the main mirrors. These are in a configuration known as Cassegrainian, which astronomers have used for more than a century.

In this arrangement, light from a distant galaxy falls on a gently-curved "primary mirror," which in the Hubble is 94.5 inches across. This mirror's shape resembles that of a large and shallow saucer with a hole in the middle. The light reflects from this primary mirror and falls on the secondary mirror, 12 inches across in the Hubble, which bulges outward like a cake in its baking pan. Then, reflecting in turn from this mirror, the light passes again down the telescope's length and through the hole in the primary mirror, coming to a sharp focus. This arrangement makes it possible to point and operate the telescope with ease.

The problem is that one of these mirrors was formed in the wrong shape. It is very much as if your optometrist were to give you the wrong eyeglass prescription. Such an error, of course, should have been found in ground testing, and the faulty mirror sent back to be reshaped. But the proper tests weren't performed.

The Hubble problem involves a straightforward technical issue that other outfits have successfully dealt with, but which NASA blew.

Why not? The answer is not clear. There appears to be a good deal of technical similarity between the Hubble telescope and the nation's large military reconnaissance satellites. One looks up while the others look down, but both types of spacecraft have been built by Lockheed Missiles and Space Co. and have featured high-power telescope elements built by the Perkin-Elmer Corp. (now a division of Hughes). *Aviation Week and Space Technology*, the industry weekly, reports that the Air Force offered NASA the chance to test the Hubble mirrors using its spy-satellite facilities, but NASA turned it down on the grounds that the people working on Hubble would have had to get top-secret clearances.

To reproduce such test facilities would have cost $100 million or more. But within a budget of $1.5 billion, that might have been the proverbial horseshoe for want of which the battle was lost. And some telescope experts say a simpler, far less expensive test would have detected the flaw. Eastman Kodak Co., which bid unsuccessfully for the project, proposed a final-assembly test that would have cost about $10 million.

What is indisputable, however, is that other organizations have not had such problems. In size, shape, and arrangement, the Hubble mirrors closely resemble those of the 100-inch telescope on Mount Wilson in California—which went into operation, successfully, in 1917. They are much smaller than those of the 200-inch Mount Palomar telescope, which began operating in 1948. The Mount Wilson instrument was built at such an early date that its elements had to be carried up the mountain by mules. But that was not too early, nor was Mount Palomar too large, to preclude successful testing prior to construction.

Moreover, the past quarter century has seen an enormous upsurge in telescope building. New instruments have featured mirrors nearly as large as Palomar's. And no astronomer has had to complain that any of these instruments didn't work properly because the engineers, in effect, had worked from the wrong blueprint.

It is true that the Hubble mirrors are far more precisely shaped than these earlier ones and feature automatic equipment for exact focusing. But these niceties are not the source of the problem. The knowledge necessary to design proper Cassegrainian mirrors is presented in such standard references as the *Amateur Telescope Making* series, which can be found in any good university library.

The loss of Hubble may justifiably be seen as merely the tip of NASA's iceberg. The agency has received a great deal of criticism: for a space shuttle fleet that costs too much and underperforms, for increases in the time and expenditures

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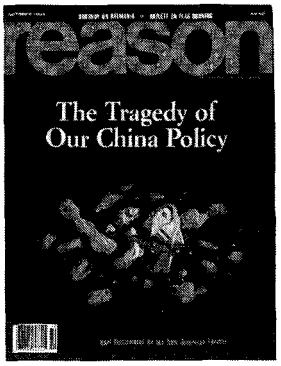
—VIRGINIA I. POSTREL, "THE GREEN ROAD TO SERFDOM"



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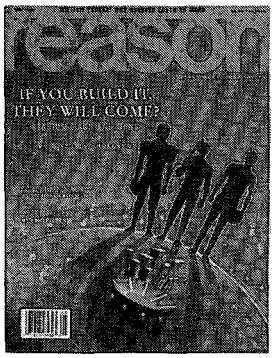

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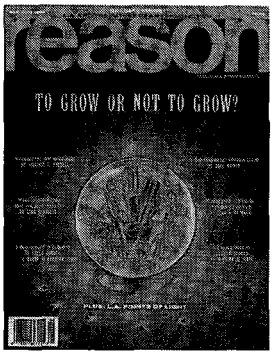

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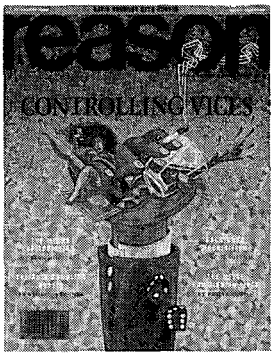

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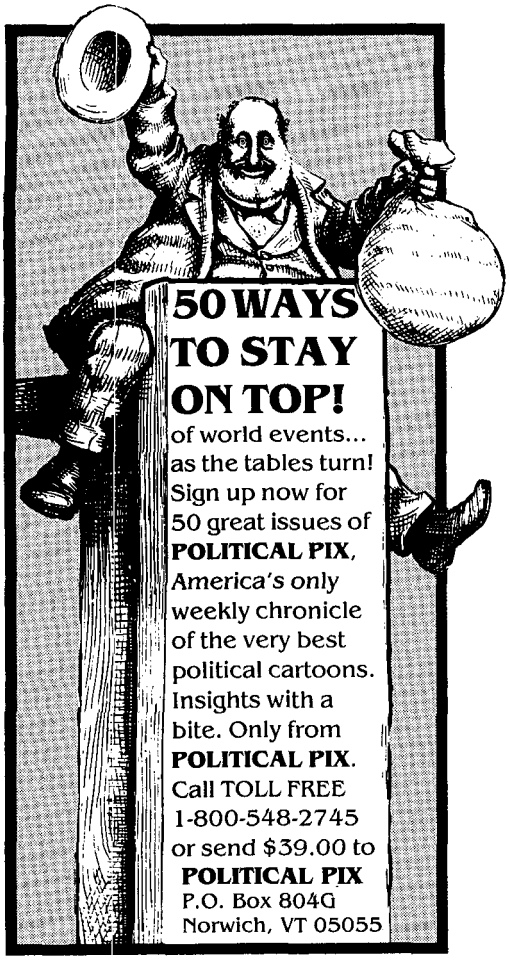

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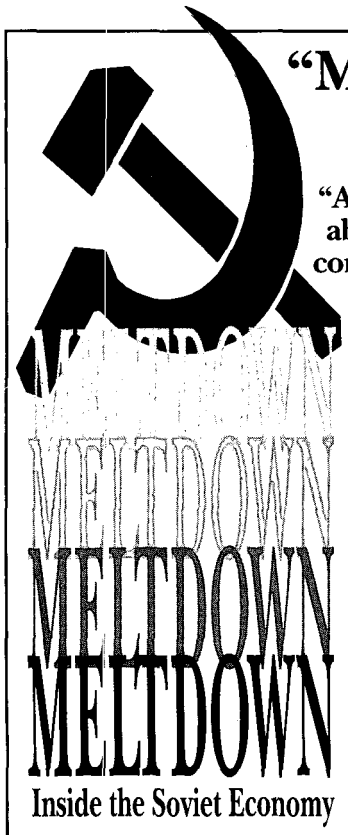

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SPACE

required for major projects. But it has been hard for critics to present well-defined critiques rather than mere complaints. After all, no other organization is flying a shuttle fleet or launching the largest of spacecraft. This lack of alternatives to NASA precludes standards by which the agency's performance might be judged.

The Hubble problem is different. It involves a straightforward technical issue that other outfits have successfully dealt with, but which NASA blew. In this respect it is reminiscent of the Pentagon's $1,000 toilet seats. The Pentagon, like NASA, has long operated on a scale far exceeding that of corporations or of any other organizations that could provide standards for comparison. And like NASA, it too has faced frequent complaints about costly programs and equipment that underperforms.

Defense Department officials, like their counterparts in NASA, have been able to maintain that they face special requirements that demand high budgets. Without standards for comparison, critics of the Pentagon had often been reduced to mere grumbling. Then came the gold-plated toilet seats, along with similar disclosures of Donald Trump-like prices for ordinary hammers and other items. Suddenly critics had concrete examples on which to hang their charges.

Now it is NASA's turn. The agency's heart's desire, at least for now, is the space station—which William Broad of the *New York Times* declares will cost $120 billion to build and operate. A recent NASA study found that the station would require 3,800 hours of maintenance each year, compared to the original estimate of 130. Beyond this, NASA's eyes are clearly focused on expeditions to the moon and Mars, at the cost of the savings and loan bailout—$500 billion. NASA's supporters say we must do these things in the name of exploration, in the spirit of Columbus and Magellan and Captain Cook.

To which a suitable riposte might now be: At least Captain Cook had a telescope that worked.

Contributing Editor T.A. Heppenheimer is an associate fellow of the American Institute of Aeronautics and Astronautics.

A Feast of Freedom

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To whet your appetite, **Reflections** offers the provocative opinions of **Liberty**'s editors. A few selections from the menu for September:

Loren Lomasky suggests a *really* avant-garde path for grants-accepting artists and performers to follow;

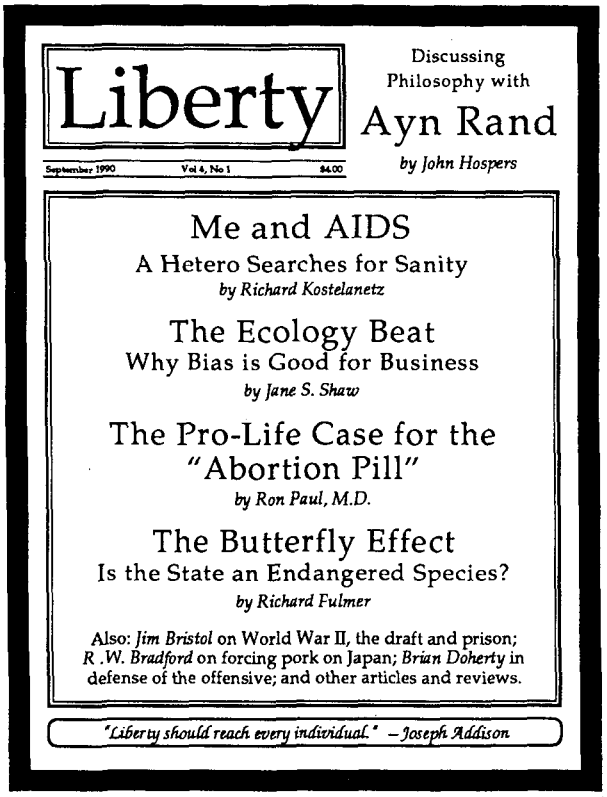
Jim Robbins considers the possibility of an Azerbaijani nuclear force, and tries to clarify foreign policy in an age of confusion;

Robert Higgs wonders why we should say "yes" to Noriega by lending him millions of dollars;

Karl Hess speculates on the ramifications of Marion Barry's ingenious use of "jury nullification";

R. W. Bradford studies the Japanese market for imported pork (the political variety);

Chester Alan Arthur explains how to tell when George Bush is lying.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Entrées

The main course is a variety of controversial and thoughtful essays. A few entrées from our current offering:

Jane Shaw explains why journalists have abandoned objectivity when reporting on environmental issues;

John Hospers recalls his dialogues with the philosophical visionary, Ayn Rand—what he learned from her, how he played the devil's advocate to her pronouncements, and how he was (at last) shunned for "disloyal" criticism;

Dr Ron Paul argues that pro-lifers should oppose the banning of RU486, the controversial abortifacient, and argues that libertarians, in turn, should oppose abortion;

Richard Fulmer explains how a butterfly flapping its wings over Mont Pelerin can cause a hurricane in Big Water, Utah;

Jim Bristol mournfully commemorates the fiftieth anniversary of peacetime conscription to America, relates his first run-in with the U.S. government over whether he—or anyone else—should be enslaved to make war, and reflects on his time in prison;

Michael Krauss explains the weird world of Canadian politics and ponders the dissolution of Canada.

Potages

To accompany its main features, **Liberty** presents a variety of penetrating reviews. A few examples from our current issue:

Stephen Cox unravels the peculiar and puerile philosophy of tenured literary poseurs who are so attached to Marxism that they will go to any lengths—even the denial of objectivity—to defend their status as "radicals";

Richard Kostelanetz goes beneath the surface of mainstream AIDS journalism to find the less-than-apocalyptic truth;

Greg Johnson and *Ethan Waters* disagree about Tibor Machan's latest exposition of natural-rights libertarianism.

James Robbins evaluates Virginia Hamel's more Randian-than-thou attack on Rand's critics.

Desserts

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LICENSE TO SPEND

BY STEPHEN MOORE

Now that George Bush has explicitly renounced his campaign pledge, the prescription for budget deficits is the same in Washington as in Albany, Boston, and Trenton: higher taxes. Such prominent Americans as Nobel laureate in economics Franco Modigliani of MIT and Citicorp Chairman John Reed believe that a tax hike is just the remedy needed to jump-start a sluggish American economy. The process is supposed to work as follows: Higher taxes will cause the deficit to fall, which will raise the national savings rate, which will lower interest rates, which will spur investment and ultimately generate economic expansion.

The proponents of higher taxes accept as a matter of faith that deficits will fall if taxes are raised. But recent historical experience at both the state and the federal levels demonstrates convincingly that there is no such iron law of politics. Indeed, a sizable body of statistical and anecdotal evidence shows that trying to reduce deficits by increasing taxes is an exercise in futility: Lawmakers invariably respond to higher taxes principally by raising spending by an amount about equal to the additional revenue, thereby leaving the deficit fundamentally unchanged.

The description of this effect is often called the "tax-and-spend hypothesis." Many years ago Milton Friedman stated the point this way: "You can't reduce the deficit with higher taxes. Political rule number one is: government spends what government receives plus as much as it can get away with." Not surprisingly, the Washington establishment dismisses Friedman's "rule."

Nonetheless, several studies have verified the tax-and-spend hypothesis. In 1986 economist Paul Blackley published a study in *Public Finance Quarterly* that examined the relationship between federal taxes and deficits during the period 1929 to 1982. Blackley found that revenue increases led to spending increases, not to

smaller deficits. A subsequent study by Neela Manage and Michael Marlow, formerly with the U.S. Treasury Department, supported this finding. The authors found statistical evidence of "one-way causality from tax receipts to spending, suggesting that tax increases result in higher spending levels—and possibly larger deficits."

Perhaps most controversial was a 1987 paper published by the Republican members of the Joint Economic Committee (later disavowed by the Democrats), which examined federal revenues and deficits from 1947 to 1986. The authors—JEC staff members Richard Vedder, Lowell Galloway, and Chris Frenze—concluded that each dollar of new taxes had triggered $1.58 in new spending. In other words, the deficit has tended to *rise*, not fall, after a tax hike.

Predictably, this report came under immediate and intensive attack from the Democrats in Congress, who asked the Congressional Budget Office to rerun the numbers and discredit the report. The CBO found that the Vedder et al. study was "extremely sensitive to the time period" and "provides no persuasive evidence in favor of the tax-and-spend hypothesis."

Yet the CBO made four statistical tests of its own, using various assumptions. In its first test, it found that an extra dollar of taxes led to $1.55 in new spending; in its second test, the result was $1.05 in new spending; in its third test, 83 cents; and in its final test, 8 cents. Only the last test supported outright rejection of the tax-and-spend hypothesis. The CBO economists failed to make a strong case that increased taxes reduce deficits, even though they put forth their best effort to validate that conclusion.

The most recent case of a large federal tax hike expressly intended to reduce the deficit was the $100-billion tax package called the Tax Equity and Fiscal Responsibility Act (TEFRA). This was the 1982 grand compromise that Ronald Reagan was talked into supporting because he had received assurances from Congress that "every one dollar in new taxes will be matched with three dollars in spending cuts." But Congress reneged on the deal. Americans got the dollar of new taxes without the spending cuts.

In fact, spending skyrocketed by $200 billion over the next four years. An analysis of TEFRA by Richard Rahn of the U.S. Chamber of Commerce revealed that the deficit in 1986 was no smaller than it had been projected to be by the CBO without the passage of TEFRA. In other words, the largest tax hike in history failed to reduce the budget deficit at all.

Despite this experience, the tax-and-spend lobby has succeeded in convincing Bush that another grand-compromise budget deal is the only way to stifle deficit spending.

The fiscal experiences of the states also confirm the tax-and-spend hypoth-

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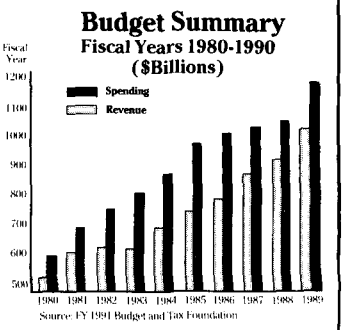

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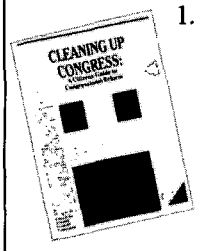

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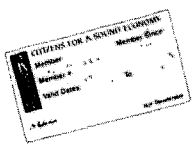

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esis. The relationship is slightly harder to detect at the state level because 18 states have statutory tax and expenditure limitations, which place constitutional restraints on legislators who might wish to spend away additional revenue resulting from economic growth or tax increases.

For example, in 1989 California had a windfall of $2.5 billion in state revenue, but the legislature was prohibited by law from spending the funds on new or most existing programs. The law limited expenditures to the 1978 level plus an adjustment for inflation and population growth. This kind of constitutional limit is an effective deterrent to runaway spending during periods of rapid revenue growth.

But even with the widespread adoption of such limitations in the states, studies have uncovered a statistically significant positive relationship between tax receipts and subsequent spending levels. Former Treasury Department economists Manage and Marlow followed up their study of the federal tax-and-spend relationship with a similar investigation of the 50 states, covering the 30-year period 1952 to 1982. Their overall conclusion was that "tax receipts cause expenditures at the state level of government."

Perhaps even more powerful evidence from the states that taxes invite higher spending is the fiscal crisis that confronts the Northeast. The national economic expansion of 1983-88 produced unprecedented revenue windfalls for the treasuries of most state governments—and nowhere was this more true than in the eight northeastern states. Income in the region grew roughly four times faster than in the nation as a whole between 1978 and 1987. The region's unemployment rate dipped to 2.5 percent in 1987—less than half the national average. In short, these states are precisely the ones that we would expect to be the most fiscally sound in the nation.

Yet precisely the opposite is true; each is sinking under a sea of red ink. New York, New Jersey, and Massachusetts are each running deficits of nearly $1 billion this year. The fiscal outlook is only slightly less gloomy in Maine, New Hampshire, Rhode Island, and Vermont. Governors Mario Cuomo of New York, Michael Dukakis of Massachusetts, and James Florio of New Jersey have endorsed tax hikes of $1.4 billion, $1.2 billion, and $1.4 billion, respectively. Steven Gold, former budget director for the National Council of State Legislatures, says 1990 could see $10 billion in new state taxes—an all-time record.

Although revenues in the Northeast have grown 25 percent faster, these states' year-end reserves have plummeted, while reserves in the less revenue-rich states have climbed. The evidence flatly contradicts the notion that the recipe for fiscal balance is higher taxes.

State legislators in the region have blamed their budget ills on a variety of factors beyond their control. They say that the regional economy has cooled off unexpectedly, that the federal government is mandating new spending, and that the 1986 Tax Reform Act has caused a loss of revenue.

None of these explanations is plausible. Seven of the eight states in the region have experienced faster revenue growth from 1987 through this year than the average for all other states. Although revenues in the region have grown 25 percent faster, these states' year-end reserves have plummeted, while reserves in the less revenue-rich states have climbed. The evidence flatly contradicts the notion that the recipe for fiscal balance is higher taxes.

Even the most liberal of commentators have correctly assessed the problem of the Northeast, which is not insufficient revenues but unbridled growth in new spending programs. The *Washington Post* reported last year: "The main reason for budget shortfalls from Connecticut to Maine has been...mushrooming spending programs that doubled and even tripled budget outlays in these prosperous states." To substantiate the point, the *Post* cited figures for spending growth between 1987 and 1989: Outlays escalated 37 percent in New Hampshire, 31 percent in Connecticut, 20 percent in New Jersey, 18 percent in New York, and 13 percent in Massachusetts.

The plight of the Northeast has been a classic case of the ratchet effect of government spending, which might be called a corollary to the tax-and-spend hypothesis. Higher revenue triggers new spending that quickly becomes an indispensable fixture of the government. When revenue is expanding at a healthy pace, the legislature feels free to find new and creative ways to spend the funds on government services. When the budget situation turns sour, as now in the Northeast, the prescription is inevitably to pass tax bills to support the new higher level of spending—hence, the ratchet effect.

New Hampshire state Rep. Donna P. Sytek, the Republican chairman of the state Ways and Means Committee, explained how the process works when she said: "We did a lot of good things in the years we had the money. But there's a constituency that now perceives these programs as essential, and we can't take them away. We should have known the boom wouldn't last forever."

What are the lessons, then, from the fiscal crisis in the Northeast and the failure of deficit-reduction schemes such as TEFRA? The first is that a new plate of federal or state taxes may in the short term provide fiscal relief, but over the long term it will usher in budget crises worse than the one we now face. The second is that if, as the evidence suggests, the tax-and-spend hypothesis is correct, then Congress and the state legislatures should be cutting taxes, not raising them.

Stephen Moore is an adjunct fellow with the Indianapolis-based Hudson Institute.

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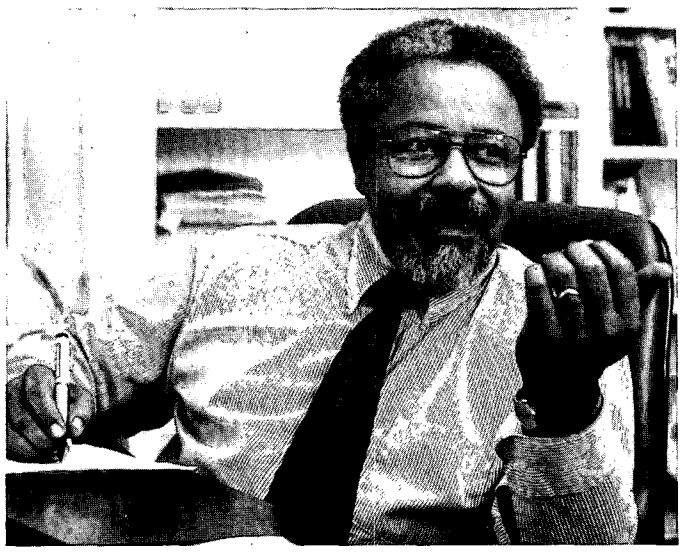
POLITICAL THEATER

BY ERIC FELTEN

The number of those who claim to have won the Cold War single-handedly grows every day. First, conservatives claimed to have intimidated the Soviets with their unflinching commitment to an arms buildup. Then liberals argued it was their devotion to peace and diplomacy that eased the Soviets' fears. Now members of the National Endowment for the Arts executive council claim the victory.

At the NEA's August meeting in Washington, D.C., council member Lloyd Richards, dean of the Yale School of Drama, said "the revolutions of the last year would not have been possible without the ideal of artists from the United States." Thus, he argued, the NEA should support controversial performance artists like Karen Finley—known for lathering herself with chocolate—and Holly Hughes, the "tough girl" lesbian eroticist. They challenge the government, he said, not unlike "Vaclav Havel, an artist who traduced the state."



NEA council member Lloyd Richards compares the chocolate-covered Karen Finley to Vaclav Havel.

But it is unlikely that a woman who puts gelatin in her bra and bounces around reciting *Village Voice* verities inspired East Europeans to throw out their Soviet masters. The comparison with Havel is particularly strained. Havel experienced censorship: The government banned his works and threw him in jail. Hughes and Finley simply found their subsidies cut off, which caused the tough-girl revolutionary to leave the meeting room crying. *Pauvre enfant terrible.*

The council threw out these grants and three others recommended by the advisory Inter-Arts Panel. The panelists who had backed them were members of the organizations that would sponsor the performances and stood "to receive remuneration."

The NEA is shot through with such conflicts of interest. There is a revolving door at the endowment that would send a tachometer into the red. NEA grants to the Guthrie Theater Foundation in Minneapolis jumped from $300,000 in 1986 to $1.2 million in 1988, after Edward Martenson, formerly head of the NEA's theater program, became president of the Guthrie, reports George Archibald of the *Washington Times*. The Spoleto Festival USA in Charleston, South Carolina, found its NEA booty similarly augmented the year after Nigel Redden resigned as the head of the NEA's dance program to become the festival's general manager.

NEA Administrator John E. Frohnmayer promised at the hearing to devise stronger, stricter rules governing conflicts of interest in grant-recommending panels. But several council members argued such rules would hurt experimental art. They claimed that the NEA could not avoid having panelists who are involved with the grants it considers.

Council member Wendy Luers said that the performance art "field is much smaller [than traditional art circles], and you have to draw panelists from a much smaller pool." And Phyllis Curtain, also on the council, said, "If you're going to find peer panels to judge a particular field, you have to find the people who are involved in it." Luers and Curtain defended the experimental arts panel, but with a curious defense—one refuting the claims that NEA-sponsored performance art is challenging and creative. "Finding a panel of, let's say, diverse views in this field is not all that easy," said Curtain. And that's the problem. How committed to experimentation can a group of artists be if their views are all the same? Indeed, there is something fundamentally absurd about peer review of avant-garde art: Truly original artists have no peers.

The majority of the projects the Inter-Arts Panel recommended reflect the left-wing sensibilities for which performance art has become famous. One project brings together Los Angeles homeless to participate in performance pieces. One bestows money on the Citizen's Environmental Coalition to plant toxic-eating foliage in some contaminated soil. (The *process* of the soil becoming clean will produce an "invisible aesthetic.")

But the paradigm grant is for a round-table discussion by the Road Company of Johnson City, Tennessee: "Community leaders, scholars and Road Company members will develop the specific agenda of discussion. Possible topics include industrial and economic development in the area, the definition of culture for the region, and ethics in city government and in other local institutions." This is art only in the sense that someone claiming to be an artist says it is.

Can one listen to M.K. Wegman, the

GERRY GOODSTEIN

chair of the Inter-Arts Panel, defending the group's choices before the council without yawning a weary yawn? "This work is often *about* something," Wegman said. "These artists are incorporating the complexities of science and technology into art or taking as subject matter the hopes of the disenfranchised, the anger of the oppressed, the corruption of the environment, or the breakdown of political systems....The subject matter of these contemporary artists is contemporary life in all of its complexity and diversity."

Diversity? Right. The community of performance artists represented by the Inter-Arts Panel is no less insular than a Connecticut country club, and no less homogeneous in its views. Most of the votes on grant proposals were unanimous or nearly so.

And as the council discussed grants, in front of the Old Post Office, OUT!/DC, a gay group, held a homoerotic performance-art festival. The group had disrupted the NEA meeting in the traditional fashion, chanting "We're here! We're queer! Get used to it!" Thrown out of the hearing, the group set up shop on the dais of a statue of Benjamin Franklin. Over the statue's pedestal, the group taped crudely rendered drawings of lesbian lovemaking.

The performances disappointed; they lacked even the base shock-appeal that is performance art's main currency. The randiest the event got was a ritual denunciation of Jesse Helms, accompanied by a chorus of gay couples kissing and fondling. It was not particularly shocking to anyone who has lived in San Francisco. (They're here. They're queer. We're used to it.) And without the shock, the show evaporated: There was nothing there. The material was as dull as anything the NEA did approve.

Franklin seemed unperturbed, even though a condom had been looped over his outstretched hand. Had he been able to speak, I doubt he would have expressed outrage. He would just have told them all to get a job.

Eric Felten covers Congress for Insight *magazine.*

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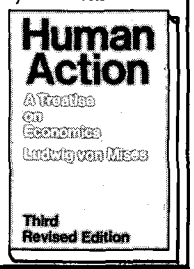

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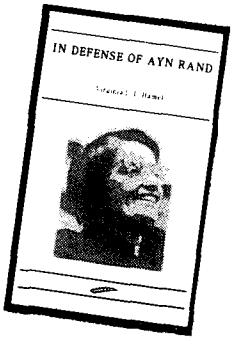

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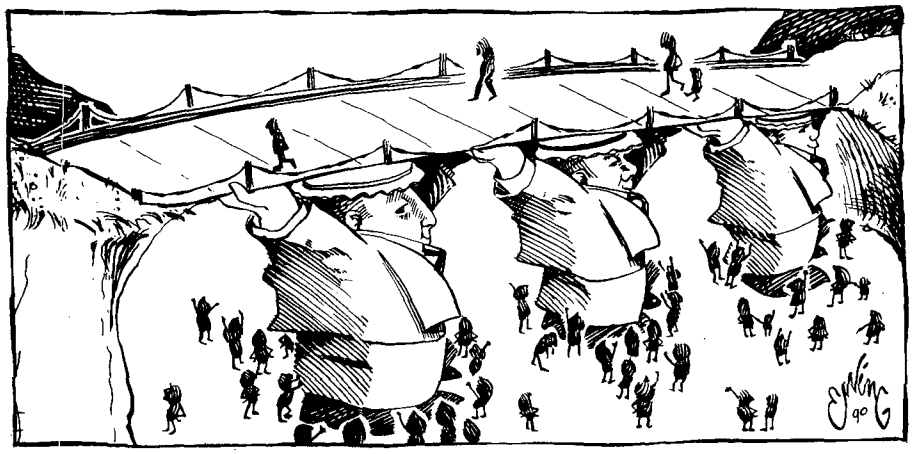
Playing Favorites (and Losing)

BY CHANDRAN KUKATHAS

Preferential Policies: An International Perspective, by Thomas Sowell
New York: William Morrow and Co., 221 pages, $17.95



"The ingredients of political success and the ingredients of social progress are not only different but often antithetical." This observation, which opens the final section of *Preferential Policies*, neatly sums up the depressing conclusion to which Thomas Sowell's research brings us.

If we define preferential policies as those policies which "involve a differential application of rules and standards to individuals originating in different groups," then governments around the world now pursue them. They do so despite the evidence that such policies usually fail to achieve the desired ends and in defiance of the fact that they often cost the losers more than is gained by the winners. What is depressing about all this is that political success can still be secured amidst the ruins of social policy. The failure of preferential policies, it would seem, is invariably greeted with a clamoring for more.

The great strength of Professor Sowell's study is that it courageously maintains that, while "current political feasibility may be the touchstone of the professional politician, it cannot be the last word for others"; it challenges others to examine the evidence and rid themselves of their illusions about preferential policies.

Focusing on preferential policies that differentiate among discrete social groups, rather than on those which differentiate between men and women, Sowell investigates "the actual consequences of such procedures, regardless of their rationales or hopes, and regardless of whether they are called by such general names as 'affirmative action,' 'compensatory preferences,' 'discrimination,' 'reverse discrimination,' or by a variety of more specific terms in particular countries, such as 'Africanization,' 'white supremacy,' or 'sons of the soil' preferences." The product of his investigations is an impressive and important study which deserves a wide readership.

The book is divided into two parts. The first offers a wide-ranging historical account of the results of preferential policies around the world. The second attempts to identify the illusions which have driven the makers of such policies.

Part one is based on a study of the mechanisms and consequences of preferential policies around the world; Sowell pays special attention to programs in India, Nigeria, Malaysia, South Africa, Sri Lanka, and the United States. The contexts in which preferential programs have developed, Sowell is careful to note, differ considerably. Nonetheless, some common and striking patterns emerge.

First, preferential programs, even when defined as "temporary," have tended "not only to persist but also to expand in scope, either embracing more groups or spreading to wider realms for the same groups, or both." Second, within the groups designated as recipients of preferential treatment, the benefits usually go disproportionately to the more fortunate. Third, group polarization tends to increase with the implementation of preferential policies. Fourth, fraudulent claims to membership in designated beneficiary groups are widespread. And fifth, while there is plenty of written discussion of the rationales, mechanics, and inputs of preferential programs, there is a great dearth of information on policy outcomes.

If the first four observations are accurate, the fifth is hardly surprising: No one likes discussing his failures. And Sowell has plenty of evidence to suggest that his first four observations are indeed plausible.

The longevity of "temporary" programs is attested to by Pakistan's preferential policies favoring the Bengalis of East Pakistan, who were "underrepresented" in the civil service, the military, business, and the professions. First advocated in 1949 as measures to last 5 to 10 years, these policies were extended by the late President Zia until 1994—a date more than 20 years after East Pakistan broke away to become the

RICHARD EWING

independent state of Bangladesh.

Even the ruling elites sometimes recognize that preferential policies tend to favor the better off within designated beneficiary groups. The Malaysian prime minister, Dr. Mahathir, made that clear when he admitted that a very few Malays in that country had waxed rich "because of a policy of a government supported by a huge majority of poor Malays." In this case the policy was justified on the grounds of "racial ego": Malays, in Dr. Mahathir's view, were willing to put up with "the unseemly existence of Malay tycoons," since it meant that not only the Chinese could boast of such excesses.

Fraudulent claims to membership in designated beneficiary groups are not surprising. Economic theory tells us that if the price of a good falls, demand for it will rise. So it is with the good of membership. What makes this all the more likely is the fact that, in so many cases, no "natural," cohesive groups existed in advance of the political incentives created to foster their development—a point well made by Donald Horowitz in his important study *Ethnic Groups in Conflict*.

But it is Sowell's suggestion that preferential policies tend to cause group polarization that is the most disquieting of all. If this assertion is at all accurate, it suggests that the costs of such policies will be greater than many are willing to contemplate. In the Sri Lankan case, if Sowell's historical and political analyses are to be believed, the result was civil war and the destruction of a peaceful and potentially prosperous society. This hypothesis needs the most careful consideration and deserves to be the subject of fuller scholarly inquiry.

The second part of *Preferential Policies*, however, suggests that the issue is unlikely to receive such attention. Here Sowell makes clear how much the makers and defenders of preferential policies are governed by a number of ruling illusions. The most important of these is the illusion that they have the knowledge to exercise control over social forces through policy mechanisms.

They have little appreciation of the idea that policy can have unintended consequences. In Malaysia, for example, faculty members are pressured not to award failing grades to Malays. One consequence of this has been a decline in standards which has so devalued Malaysian medical degrees that many countries have ceased to recognize them—thereby placing at a disadvantage not only the other races in the country but also the Malays. This is to say nothing of the damage to morale among teachers and the resentment of the able Malays.

Yet the illusion that control can be exercised persists. While governments are slowly beginning to recognize how limitations of knowledge make central economic planning no more than a fantasy, they are a long way from acknowledging that the very same problems beset the makers of social policy.

The problem, however, is that for ruling elites the desire for political success makes the temptation to pander to the most illiberal sentiments of the community almost irresistible. Votes can be won by persuading people, or encouraging them in their beliefs, that they are the victims of history and circumstance, deserving of compensation and preferential treatment—now! The promise of the "quick fix," Sowell notes, is always attractive, even if it is never effective.

Moreover, preferential policies may be self-perpetuating. They encourage people to see themselves not simply as citizens or individuals but as the bearers of the claims of particular collectives. And so they encourage people to view the members of other communities not as fellow citizens but as competitors for the spoils of politics. This cannot make for harmonious social relations but only for the "continued drift in the direction of group polarization."

Is there a solution to this problem? It is not the purpose of Sowell's study to propose any; his intention is to expose the folly of preferential policies rather than tell us how to eliminate them, along with their destructive tendencies. Yet he does make some contribution on this score.

If political feasibility is the touchstone of the professional politician, who is unlikely to act unless convinced that his constituency will buy his policies, then it becomes crucially important to build a consensus of understanding which rejects policies that are harmful over the long term. And "once there is a consensus on what [really] needs to be done, that in itself changes what is politically feasible." In pointing out the "dangers and disasters" entailed by preferential policies, Sowell is himself contributing to the development of such a consensus. In this regard he should be commended for his efforts.

Chandran Kukathas is an assistant professor in the Department of Politics at the University of New South Wales.

Marginal Success

BY DAVID R. HENDERSON

The Growth Experiment, by Lawrence Lindsey, New York: Basic Books, 260 pages, $21.95

First, *The Growth Experiment* is a great book. It is persuasive about important issues in tax policy. Second, I am biased. I worked with its author, Lawrence Lindsey—now on leave from Harvard for a stint at the White House Office of Policy Development—when he was the tax economist on President Reagan's Council of Economic Advisers and I was senior economist for health and energy.

I found Larry to be a man of great integrity. One piece of evidence: As the CEA person assigned to make sure that Reagan's speeches contained no errors of economic fact, Larry was a tough taskmaster. I remember hearing bits of arguments on the phone between him and Reagan speechwriters who wanted to give Reagan credit for every good development in the U.S. economy after January 20, 1981. Larry also has two traits that are rarely

combined in an economist: He weighs evidence carefully, and he doesn't lose the big picture. All these characteristics are on display in his book.

Lindsey begins by detailing what many of us have forgotten or never knew: just how badly the U.S. economy was doing during Carter's administration. He points out that between 1979 and 1981, real wages of American workers had plunged by 9 percent to their 1962 level, wiping out nearly two decades of growth. This reduction in wages, combined with much higher tax burdens, left Americans worse off than their counterparts in 1962. Lindsey reminds us that economists and political leaders were arguing at the time that we were doomed to declining standards of living because we were in an "era of limits."

A major reason for this economic mess, argues Lindsey, was tax-bracket creep. High inflation, combined with a progressive income-tax system that wasn't indexed, threw even middle-income taxpayers into the tax brackets of 40 percent and more that used to be reserved only for the rich. Middle-income taxpayers were responding rationally—by not working as much overtime, by consuming instead of saving, by taking wage increases in untaxed fringe benefits, and by seeking tax shelters. Nor did standard Keynesian policy have an answer. Keynesians saw taxes only as a tool to raise or lower aggregate demand and not as something that affected supply.

Enter the supply-siders, whose numbers did not include Lindsey at the time. By cutting marginal tax rates, the supply-siders argued, the government could increase the incentive to work, to save, and to invest, and could decrease the incentive to avoid taxes with wasteful deductions and tax shelters. The supply-siders started pushing for a tax cut in 1977, and by the time Ronald Reagan won the 1980 presidential nomination, they had recruited him to their cause. Reagan made the tax cut the economic centerpiece of his campaign.

In his book, Lindsey focuses on how much revenue the government actually lost by cutting tax rates. Why such an apparently narrow focus? Because, Lindsey explains, the revenue effects are a good measure of how much high tax rates were hurting the economy. If Reagan's 23-percent cut in tax rates caused a revenue loss of 23 percent, this would mean that cutting tax rates did not expand the tax base at all and therefore that high tax rates were not shrinking the tax base and were not hurting production. But if Reagan's 23-percent tax cut caused a revenue loss substantially less than 23 percent, this would mean that high tax rates were hurting the economy a lot.

Lindsey shows convincingly that the tax cut caused taxpayers with annual incomes of more than $200,000 to increase their incomes and to pay *more* taxes. Does this increase mean that the rich got a lot richer? Not necessarily. Rather, the lower marginal rates simply caused them to expose more of their income to taxation.

Lindsey reports that the government's static loss in revenue—the loss assuming that the tax cuts had no effect on people's behavior—would have been $115 billion in 1985. But Lindsey calculates a demand-side effect of $40 billion in 1985 that even Keynesians would admit. Then, using estimates of the response in labor supply to reductions in tax rates, Lindsey estimates that tax revenue from the added labor supply—the so-called supply-side effect—was $21 billion by 1985. Finally, he estimates that simply reshuffling assets in response to lower tax rates—shifting from tax-exempt to taxable bonds, for example—caused taxpayers to pay more in taxes. He estimates this "pecuniary effect" at $21 billion by 1985.

Thus, the net result of the 1981 tax cut by 1985 was a loss not of $115 billion but of only $33 billion. Whereas $40 billion of the revenue resulting from the cut was due to the standard Keynesian demand-side effect, $42 billion was due to factors the supply-siders had focused on and that Keynesians had assumed to be zero. And in return for that $33-billion loss in federal tax revenue, Lindsey writes, real output of the economy was 2 percent to 3 percent higher. Not a bad deal.

The cut in rates was greatest for the taxpayers in the highest bracket, whose top rate was cut immediately from 70 percent to 50 percent. Lindsey shows convincingly that the tax cut caused taxpayers with annual incomes of more than $200,000 to increase their incomes and to pay *more* taxes.

Does this increase in taxable income mean that the rich got a lot richer? Not necessarily. Rather, Lindsey writes, the lower marginal rates simply caused them to change their behavior so as to expose more of their income to taxation. Lindsey makes a persuasive case that the revenue-maximizing tax rate is probably below 40 percent and that the optimal tax rate is well below 40 percent. Indeed, Lindsey goes further, arguing for a flat tax rate of 19 percent combined with a large standard deduction to shield lower-income people.

Lindsey buttresses his case that high marginal tax rates distort the economy by tracking the effects of the income tax since it began in 1913. He shows that whenever tax rates on high-income people rose, their taxable income fell and so did the share of tax revenue they paid. Conversely, after tax rates on high-income people fell—with the cuts instigated by Coolidge's treasury secretary, Andrew Mellon, for example—their taxable income and their share of tax revenue rose. Though these facts have been known at least since supply-sider Jude Wanniski reported them in his path-breaking 1978 book, *The Way the World Works*, Lindsey reports and interprets them more carefully.

While Exhibit A for Lindsey's supply-side case is the Reagan tax cuts, Exhibit B is President Kennedy's similar cuts. Lindsey shows that demand-side factors account for only one-quarter of the added growth caused by Kennedy's tax cut. As evidence that the other three-quarters was due to the tax-rate cuts, Lindsey notes that most of the growth in the tax base occurred among high-income taxpayers who had previously faced marginal tax rates as high as 91 percent and who now faced a top rate of 70 percent.

Each chapter is filled with nuggets of economic wisdom. Lindsey shows that the federal deficit is due almost entirely to increases in spending rather than to tax cuts, that simply keeping inflation-adjusted government spending constant would eliminate the deficit by 1994, and that the standard measure of American savings drastically understates true savings. Lindsey also documents our current tax code's strong bias against saving and proposes a plan for removing this tax bias.

One of the best chapters is the one titled "Helping Hands," in which Lindsey argues that private charities are much more effective than government subsidies: They target those who need help most, they must be successful to keep donors and volunteers, and they avoid huge bureaucracies. He describes the experience of the Brookings Institution's John Chubb, an education researcher who called the New York City Board of Education to find out how many bureaucrats worked in its central offices. Chubb made about six calls before finding someone who knew. But this person was not allowed to tell him. After at least six more calls, he found someone who could tell him. The answer: 6,000. Chubb then called the Archdiocese of New York to find out how many people worked in the central office of their school system, which serves about one-fifth as many pupils as the New York public schools. The first person he reached said she didn't know. Chubb expected the same runaround. Then she said, "Wait a minute. Let me count." The answer: 26.

Lindsey advocates expanding the charitable deduction in the personal income-tax system to give people a greater incentive to contribute to charities. Lindsey's own story of his meetings with congressional aides to discuss his proposal is very revealing. These aides, he reports, do not dispute economists' findings that a 1-percent reduction in the after-tax cost of charitable giving yields an additional 1.2 percent to 1.3 percent in donations. Instead they object to letting individuals decide which charities should receive the money! This, to them, is "undemocratic." Lindsey's understated commentary: "Their faith in the omniscience of the state inflicts a high price on the country's needy."

My generally strong enthusiasm for *The Growth Experiment* is tempered by one main criticism. When he uses ideas or evidence from articles by Harvard colleagues or by fellow researchers associated with the National Bureau of Economic Research in Cambridge, Lindsey refers to them by name and gives the articles' titles, publication dates, etc. But when he talks about the supply-siders, he rarely refers to a person, let alone an article, by name, except to criticize. Lindsey cites Wanniski's book, for example, only to criticize (correctly) Wanniski's equation of the revenue-maximizing tax rate with the optimal tax rate.

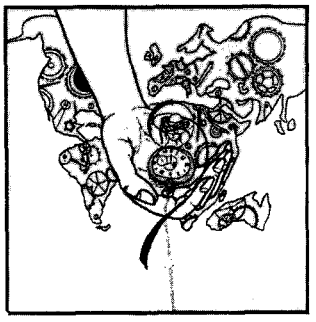
In discussing the revenue effect of the Kennedy tax cut, Lindsey never refers to some similar work done on the subject by James Gwartney of Florida State University and Richard Stroup of Montana State. And nowhere does Lindsey even mention Paul Craig Roberts. Without Roberts's work as a congressional aide in the late 1970s on the Kemp-Roth tax cut and as a point man in Reagan's Treasury Department in 1981, the 1981 tax cut might never have happened.

But this asymmetry in the credit that Lindsey gives to others is a relatively small negative in a sea of positives. If you buy one book this year about the effects of taxation, *The Growth Experiment* is the one to buy.

Contributing Editor David R. Henderson is an associate professor of economics at the Naval Postgraduate School in Monterey, California, and a senior fellow with the National Center for Policy Analysis.

Theoretical Time,
The Industrial Renaissance

by Carol J. Lick
and Pam Peterson



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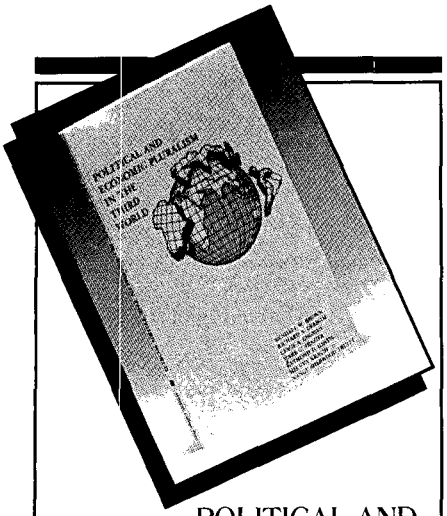

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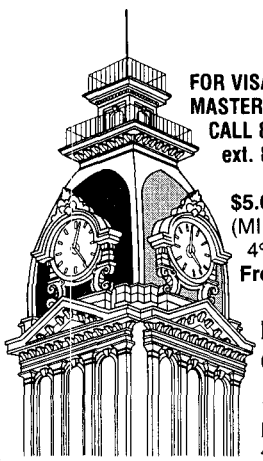

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The Spirit of Lenin

BY GLEN E. THUROW

For the Common Good, by Herman Daly and Jeff Cobb
Boston: Beacon Press, 482 pages, $24.95

The ecology movement has recently attracted millions to its banner, and why not? Who among us does not want clean air and water?

But this book makes clear, as do the books of other leading environmentalist theoreticians, that the vanguard of the movement is less interested in clean air and water than it is in the revolutionary act of overthrowing Western civilization and establishing society on a new basis. The revolutionary intent of *For the Common Good* is openly professed, but the character of the desired revolution is partially hidden because its authors present their new society as a recovery of something old, as an embodiment of what they call "Christian theism."

The book begins with economics and ends with religion, as perhaps befits a book jointly written by an economist and a theologian. It argues that the discipline of economics, in its attempt to imitate mathematical physics, has abstracted from the larger context within which economic activity takes place and consequently has failed to understand the limitations of its own conclusions. It has forgotten what the great classical economists knew, that economic productivity serves the more comprehensive ends of the human community.

Modern economics, according to the authors, holds that the goal of economics is the satisfaction of the insatiable desires of individual human beings. Insatiable desires sanction unlimited productivity. Unlimited productivity, in turn, is destroying the environment and the land, extinguishing other species, and exhausting resources that cannot be replaced. In the long run this destruction threatens the very existence of human society.

We may applaud this reminder of the limitations of economics, but, we may ask, what are the more complete ends of human community that economics is to serve and that are to define its proper limits? In answering this question, Herman Daly, a World Bank economist, and Jeff Cobb, a Claremont theologian, point in two opposite directions. On the one hand, they call for breaking up the country into small, autarkic human communities in which all people participate in making common decisions and in which both group welfare and individual differences are properly recognized. In such societies human relationships are more important than the possession of commodities.

These new societies will be "communities" and not "political orders" because they will require little or no coercion. Daly and Cobb believe that human beings are not fundamentally individuals whose interests might clash with those of the community. Rather, they are beings whose identities are defined by their relationships, and hence their interests need not conflict with those relationships. The state can wither away. In the meantime the authors favor the state's adopting measures, such as trade barriers, to divorce people from the world economy, that would help to make possible the autarky of the future.

On the other hand, because there is no guarantee that such communities will have ecologically sound opinions, it will be necessary to have a world government to deal with the ecological problems that are now global in scope. But will a global government be governed by environmentally sound ideas? Global government will have to be imbued with the proper ideology, one that is very different from that which dominates governments now.

Daly and Cobb maintain that human communities must be seen as parts of a larger whole, the society of all living things—the "biosphere." The members

of the biosphere, whether human or animal, are ends in themselves as well as means to others' ends. The authors deny that animals can be properly understood as simply existing for the sake of man. Although they acknowledge that humans are superior to animals because humans can consciously contribute to the governing of the biosphere, they maintain that man's government must recognize that the purpose of the variety of life is not merely to serve humans but to exist for itself. The ruler rules for the sake of the ruled. Even if the destruction of other species does not harm human welfare, it is still wrong.

This conclusion, in the authors' theology, means that the biosphere—the sum of all living creatures—is God, or at least part of God. As the authors put it, "The diversity of the interconnected parts of the biosphere gives richness to the whole that is the divine life. The extinction of species and simplification of the ecosystems impoverishes God even when it does not threaten the capacity of the biosphere to sustain ongoing human life." This is what the authors call "Christian theism," but which is in truth a variety of pantheism. It is noteworthy that in a long discussion of "Christian theism," there is not one mention of Christ.

The world government will have to be run by people who worship the God of the biosphere. As the authors put it, the movement must be led by "a network of persons whose consciousness has been changed by participation in feminist and environmental movements." And thus we move from the local soviets to the dictatorship of the party secretariat.

That this dictatorship might not be as benign as the authors pretend, or perhaps believe, can be seen in the inherent contradictions of their enterprise. For example, they argue that protecting the environment is going to require strict population control. While they hope for fewer children through persuasion or other noncoercive methods, they "hold in reserve" such methods of control as forced abortions and the imposition of "birth quotas." These draconian methods would almost certainly be needed, because the authors also want a world of small, self-sufficient communities of close human relationships.

One need only look to human experience to see the problem. Historically, such close-knit and self-sufficient communities have always encouraged and relied upon large families, for man and wife is too small a unit to be self-sufficient, and the human relationships that people hold most dear are those of the family. What is a friend or acquaintance in comparison with a brother or sister, mother or father, son or daughter, husband or wife? These relationships are particularly prized if one forgoes the pleasures of wealth, as the authors would have us do. Thus Daly and Cobb would create a situation that would greatly encourage large families.

Sound ecology would require that this tendency be countered with tyrannical force exercised by the benign feminist and environmentalist overlords of the world government. The "reserved" methods of forced abortions and "birth quotas" would have to be called to the battlefield and reinforced by real soldiers. And what happens to human happiness?

The character of the revolutionary spirit that moves this book is thus apparent. Beneath the rustle of green leaves and the babbling of clear streams lurks the face of Lenin. It is as though he were some sort of irrepressible, wandering spirit. As he disappears from the harsh landscape of Soviet Russia and the sad lands of Eastern Europe, he reappears again amid the American innocents who love only flowers and trees.

Ecology is in need of rescue from this spirit. Perhaps the beginning point of a sound ecology is to recognize what Aristotle saw so long ago: People care most for what is their own. We now know that the states ruled by the spirit of Lenin, where people are allowed to own little or nothing, have suffered unbearable pollution. We do not need a new pantheistic theology but to recognize and build upon this simple truth.

Glen E. Thurow is a professor of politics at the University of Dallas.

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EXPENSIVE ACCOMMODATIONS

BY THOMAS W. HAZLETT

The perception is that once you've seen one East Bloc victim of Marxism-Leninism, you've seen 'em all. Yet a 50-minute socialist jet ride from Prague to Budapest opens one's eyes both to the complete equality of airline snack items around the world and to the vast *in*equalities of life under Egalitarianism.

Whereas the Czech social order remains user-hostile to the max—toxic quasi-food far below even British standards, ubiquitous lines, a host of 19th-century "conveniences"—the Hungarians are abuzz with economic activity. The cuisine is cheap and tasty (they have gotten arguably close to bona fide U.S. drive-thru quality); shops are filled with Western products from Sharp TVs to Panasonic answer phones to Ferrari Barbies; and queuing is a rarity. Hondas, Fords, and Mercedes cruise the crowded boulevards. Even the continuing communist yen for hard currency—window shoppers routinely see prices for jewelry and appliances quoted not in florints but in U.S. dollars—is a charming reminder of the failure of central planning.

Moreover, there is a resurgent vitality in Budapest's neighborhoods, where the whirl of drills, the scream of saws, and the pounding of hammers fill residential airs. (Each blast of the self-interest–driven power drill metaphorically drives yet another nail into Lenin's tomb.) Meanwhile, the streets of Prague sleep, as idle tenants dwell in an unseemly quiet, mourners at some sort of economic wake.

To what do the Hungarians owe their head start in the Communist Bloc's race to Westernize? All around know the answer, for the credit goes to one man alone: János Kádár, Soviet collaborator.

In July, Hungarians observed the one-year anniversary of the death of Kádár. They were confused as to appropriate attire. As the Hungarian news agency reported: "It is too early to say 'yes' [to Kádár's legacy], thus relieving the leader of his historic sins, or to say 'no,' which would quickly condemn a man for what he did."

What Kádár did was to be the "accommodationist" Communist Party Chief for 21 years. Beginning in 1968, and reading the writing-in-blood on Prague's walls, Kádár humored Brezhnev as though Lenny were the Godfather.

Kádár to the Kremlin was Ed McMahon to Johnny Carson, Quayle to Bush, Ronald Reagan to Nancy. The low profile bought wiggle room on socialist mythology. Hence Hungary's market reforms have a running start by virtue of a two-decade warm-up heat with capitalist co-venturers.

Yet Kádár's memory does not bring a smile to Hungarian faces. Neither steering the country on the most politically liberal path through Soviet tank-infested woods, nor allowing Hungarians to feast on Big Macs in an East Bloc simulation of bourgeois affluence, can trump János's Faustian bargain. This is a crime to which Magyar eyes will not be blinded.

The contrast with Prague is painful. There, Alexander Dubcek defied the Russian Bear, demanding Czechoslovakian freedom on principle. Dubcek gained ample time for philosophical reflection on his courageous deed during his next 20 years driving a bus. But today, he shines as a beloved national treasure.

And more: In January 1969, when the flowers of Prague Spring were in a very deep freeze, Jan Palach warmed the hearts of millions by setting himself ablaze in Wenceslas Square. The flame has not yet been extinguished: Czechs honor his memory by placing flowers and lighting candles beneath his photograph there. The intransigence of Czechoslovakia's leaders cost its citizens dearly in the 20-year crackdown that was payback. But these victims of repression today worship their heroes for the privilege.

No doubt Kádár's counsel has filed an excellent brief with the court of St. Peter. All else equal, Kádár lifted the material lot of his countrymen. As the Hungarian newspaper, *Magyor Hirlap*, editorialized: Kádár was a "behind-the-scenes tactician who managed the happiest barrack in the East Bloc."

To complicate matters, the cause of freedom may ultimately have been well served. The 1988 *World Almanac* noted that "Hungary leads the communist states in comparative tolerance for cultural freedoms and small private enterprise." And it was a Hungary infected with Western economic agents that self-confidently opened the floodgates to East Germans, which, in turn, triggered the collapse of the Communist Bloc's house of cards last fall.

But while Czech leaders were buying immortality in their 1968 revolution, Hungarian troops were marching against them. This at the very instant that major economic liberalization was introduced in Budapest. Kádár had alertly found a way to export Stalinism to a helpless neighbor: "Czechoslovakia has long been an industrial and technological leader of the Eastern European countries," says the *Almanac*, "though its relative standing has declined in recent years because of government rejection of economic reforms." Yeah, well, you see those Hungarian troops over there, next to the Bulgarians, hiding the Russians?

Kádár's eternal soul may well face a hung jury. Yet here on earth, his memory simply flunks the Hungarian smell test. On the 20th anniversary of Palach's fiery act of defiance, hundreds of oppressed Czechs were arrested attempting to attend the vigil. When the first anniversary of Kádár's death was marked last July, 2 million well-fed citizens of Budapest were free to mourn. Not a single one of them lit a public candle for Kádár.

Contributing Editor Thomas W. Hazlett teaches economics and public policy at the University of California, Davis.

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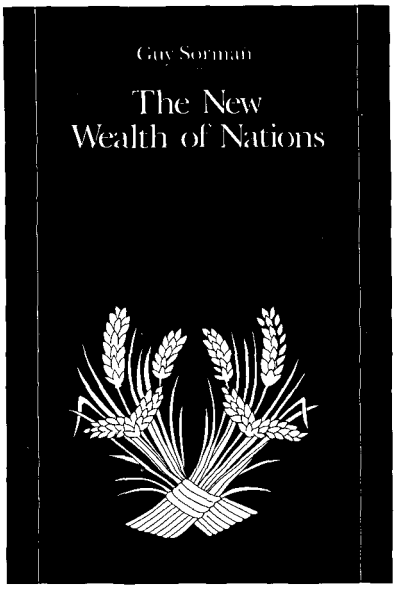

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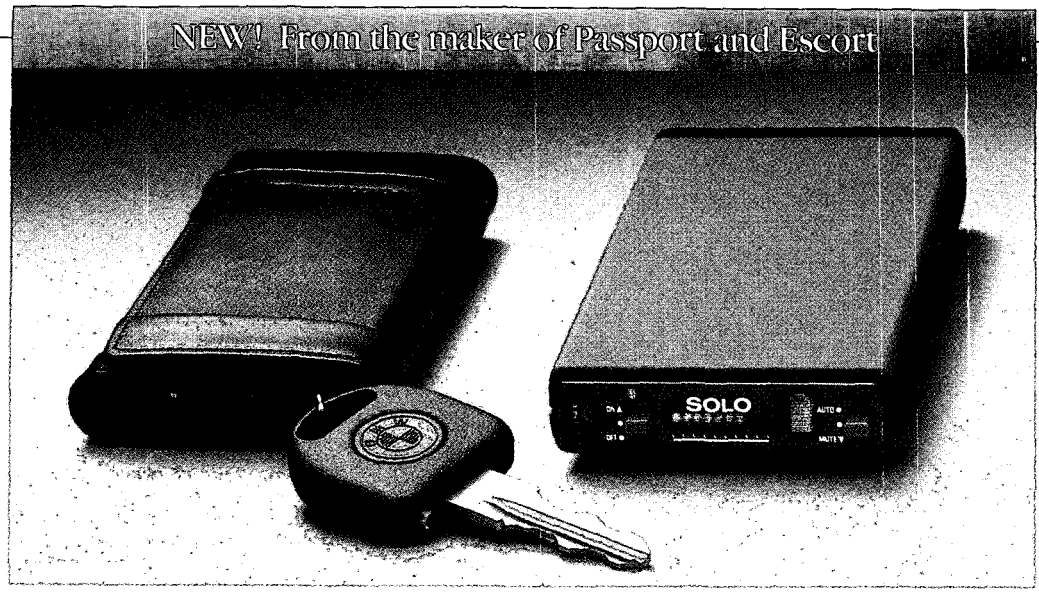

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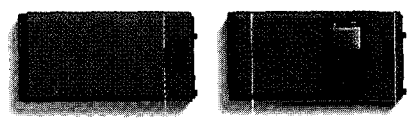

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